

## CHAPTER 1: INTRODUCTION AND OVERVIEW

### FOREWORD BY THE MAYOR

This report fulfills a crucial legislative requirement, Section 46 of the Municipal Systems Act 2000 (MSA Act no 32 of 2000) requires that municipalities should prepare and submit annual reports in which they evaluate their overall performance.

Albeit important, the above requirement is not the sole reason we present this report. We do so because it offers us an opportunity to give full account of our activities for the financial year under review. It affords us an opportunity and platform to allow our citizens to evaluate the work we have done in attempt to give full and practical meaning to our commitment in the 2006 Local Government election manifesto; giving power to the people through democratic Local Government.

The report will therefore, highlight both the achievements and challenges facing the Municipality. Hopefully, each citizen will use this information to define his or her own role helping to sustain the achievements and deal with the challenges.

Some of the challenges I am referring to include the arrest and subsequent suspension of both the Municipal Manager and Chief Financial officer on the 07 July 2006. This meant that we had to implement the Integrated Development Plan with out two most key personnel. This has of cause produced its own challenges. We have, however, since appointed a Municipal Manager. Due processes are currently underway to ensure that the matter of the suspended CFO is brought to finality

In spite of and despite of these challenges, we have made great progress in many fronts. Details of these are found in this report. The following areas will be given attention in the report.

Access to free Basic Services

Bucket eradication

Access to clean water

Provision of houses

Local Economic Development

Small Business Support

Without much ado, it gives me great pleasure to present to you the annual section 46 report of Gariep Local Municipality in respect of 2006/07 financial year.

Lastly, I wish to thank the Municipal Manager and his team for the dedication and hard work in ensuring that we document these achievement.

Ukwanda kwaliwa Ngomthakathi

.....  
CLLR. NCEDO WILLIAM NGOQO  
MAYOR  
GARIEP LOCAL MUNICIPALITY

## **Municipal Manager's Statement**

The annual report provides an opportunity for council to report back to its constituency on the progress made in respect of all programmes and projects which were extracted from the IDP and funded. It fulfills both the requirements of section 41 of the Municipal Systems Act and section 121 of the Municipal Finance Management Act.

An efficient and effective administration provides support mechanism for the political leadership. To be able to achieve this, the municipal manager, as head of administration, must structure the administration in a cost efficient and effective manner. The period under review was quite challenging for the municipality. Both the municipal manager and the CFO were on suspension for the whole financial year. Despite all this challenges, a lot of progress was made. Some of the highlights are:

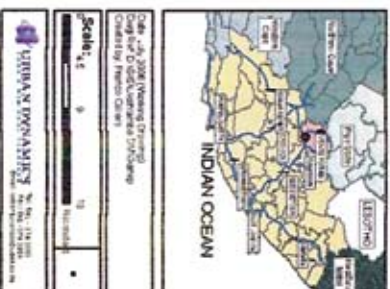
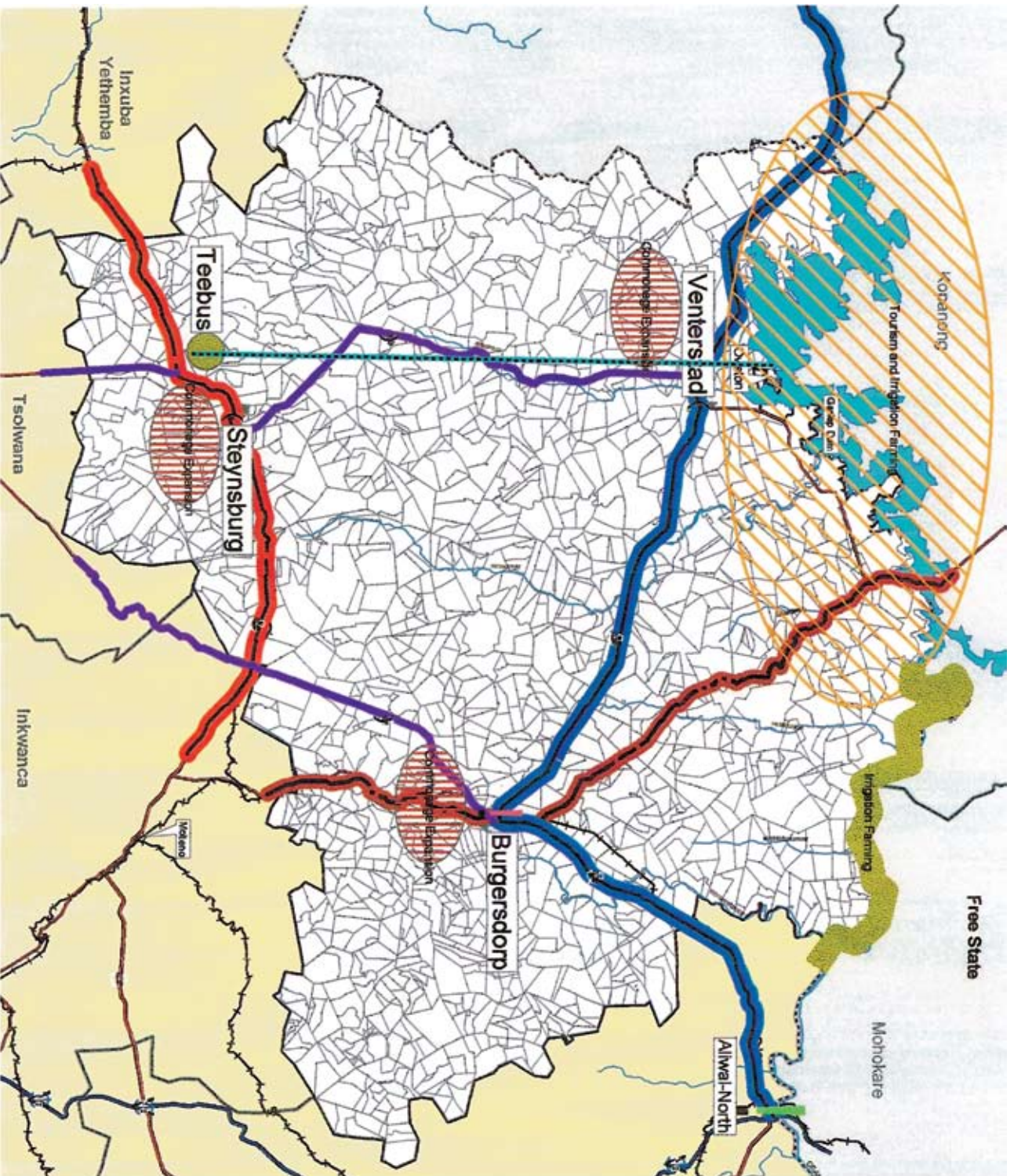
- Development of the Workplace Skills Plan
- Development of the Housing Sector Plan

The following still require our urgent attention and will be prioritised in 2007/2008;

- Performance management
- Financial viability and turn around strategy
- Addressing skills shortage in critical technical areas
- Coordination of the administration for better outputs

Once more, we will continue to request all colleagues, irrespective of their ranks to rally behind the management in pursuit of the goals stated above

**Thembinkosi Mawonga**  
**Municipal Manager**





## Demographic Profile

The demographic data were obtained from the Central Statistical Services (Census 2001) therefore constitute official government statistics. However, it is noted that the accuracy of these figures can be debated, accordingly, these figures are used consistently and the fact that National and Provincial Government departments use these figures for grants and subsidy purposes.

The residential component of the area concentrated in the three peri-urban nodes;

Burgersdorp including Mzamomhle, Thembisa and Eureka  
Steynsburg including Khayamnandi, Westedene and Greenfields  
Venterstad including Nozizwe, Lyciumville and Oviston

Settlement dynamics in these areas are characterized by high residential densities in the former township areas with business activity and lower densities generally situated in the old towns. This urban form is typical of segregated planning measures.

The Gariep Municipality area is characterized by large commercialized farm land with large scale cattle, sheep, goat and game farming. Limited irrigation along the Orange River, Gariep Dam and around the Teebus Orange Fish Tunnel outlet. The rural population comprises a small portion of the total population in the area.

## Population

| Age   | Burgersdorp<br>Eureka | Mzamomhle<br>Thembisa | Steynsburg | Khayamnandi | Venterstad | Nozizwe | Ovis-<br>ton | Rural | Total |
|-------|-----------------------|-----------------------|------------|-------------|------------|---------|--------------|-------|-------|
| 0-9   | 803                   | 1904                  | 98         | 1277        | 608        | 385     | 100          | 1440  | 6615  |
| 10-19 | 1036                  | 2428                  | 102        | 1608        | 812        | 351     | 70           | 1063  | 7470  |
| 20-64 | 2250                  | 4215                  | 358        | 2694        | 1139       | 689     | 271          | 3524  | 15139 |
| 65+   | 320                   | 585                   | 138        | 382         | 213        | 89      | 119          | 242   | 2089  |
| Total | 4409                  | 9131                  | 696        | 5962        | 1869       | 1514    | 560          | 6269  | 31313 |

- The Gariep Municipality Area has a total population of 31 313 of which 80% is urbanized
- About 48% of the population is within the economic active group
- Number of households is approximately 8229

## Economic Profile

The 2001 census indicated that 63% of households have no income or an income below R10,000 per annum and approximately 20% of families have no income. Furthermore, economic analysis indicate high levels of dependency in stage subsidies and grants.

Agriculture represent by far the biggest sector and employer in the area, constituting 30% of the Gross Domestic Product, with education accounting for 26% and health for 13%. (source, monitor report-sectoral GGP-2004).

## Executive Summary

The vision of the Gariep Local Municipality is creation of a conducive environment for an improved quality of life for all

## Mission

The focus of the mission is to fight poverty. Poverty is understood to be more than just the lack of finance, but also the lack of opportunities, ability to make choices, access to services. The municipality aims to fight poverty through the stimulation of the economy.

In addition the municipality will attempt to create an enabling environment for growth and development of re-

gion through meeting the basic needs and improving the quality of services rendered.

The mission is linked to the Local Government mission which is to improve corporate governance and financial viability that support the effective, efficient and economic delivery of core powers and functions and the creation of an enabling environment for economic development, good governance and public participation.

### Statement of Goals and Priorities

Guided by the Provincial Growth and Development Plan and the District Growth and Development Summit Agreements, the municipality together with its stakeholders have identified the following strategic goals and priorities to vigorously grow a vibrant economy.

- Goal 1 Grow agriculture, emerging farmers, irrigation farming
- Goal 2 Grow tourism, trade and related business development programmes
- Goal 3 Grow labour intensive and pro-poor development programmes
- Goal 4 Improve service delivery qualities through effective, efficient administration
- Goal 5 Capacity building programmes for Government, Communities and Administration
- Goal 6 Meet basic needs and backlog in service delivery

### Priority Programmes

Based on a comprehensive analysis of the Integrated Development Plan and the strategic goals and objectives the municipality has designed key seven priority programmes to drive growth and development in the municipality area over the next five to ten years. These priorities were endorsed by all social partners at the District Growth and Development Summit held in February 2007.

These seven priority programmes are

| Priority Programme                      | Aims  |
|---|---|
| Tourism Programme                       | Aims to grow tourism industry especially around Lake Gariep   |
| Agriculture                             | Grow agriculture, emerging farmers, irrigation farming  |
| Water and sanitation programme          | Aims to eradicate backlogs in line with national targets  |
| Municipal Services Upgrading Programmes | Aims to improve municipal services to create sustainable human settlement   |
| Access linkages programmes              | Aims to improve roads and access to electricity and ICT, to support economic development                              |
| Social Safety Net Programmes            | Aims to support the poorest, through Expanded Public Works Programmes   |
| Governance Programmes                   | Aims to support government performance particularly in supporting economic development and improving service delivery |

### Statement of the municipality's relative financial viability

#### Council standing committees

| STANDING COMMITTEE  | PORTFOLIO HEAD  |
|---------------------|-----------------|
| FINANCE COMMITTEE   | Cllr N Mabhunnu |
| TECHNICAL COMMITTEE | Cllr E Thomas   |
| COMMUNITY SERVICES  | Cllr B Kweyiya  |
| CORPORATE SERVICES  | Cllr T Notyeke  |

## **CHAPTER 2: PERFORMANCE HIGHLIGHTS**

### **Water and Sanitation**

#### **Water**

Gariep Local Municipality continue with the construction of a 2 mega liter water reservoir, water treatment plant as well as the construction of a 5 kilometer main water supply pipeline from Teebus to Steynsburg. This project was funded by MIG through Ukhahlamba District Municipality.

The total cost spend during the financial year on this project was R9 533 041.00. The construction of the 5 kilometer main water pipeline was done under the EPWP, programme, 5 contractors was trained they also employed local people from Steynsburg for the construction period.

#### **Sanitation**

The necessary business plan for the bucket eradication in Khayamnandi in Steynsburg that will cover 1580 households that still have buckets was submitted to MIG for approval and funding.

Tenders were called for the bucket eradication project in Lyciumville Venterstad, the bid adjudication did take place on 25 June 2007 and the implementations of the project start on 1 August 2007. In total 400 households that depend on bucket eradication system will receive full waterborne sanitation system in Lyciumville with the completion of the project.

#### **Roads and Stormwater**

A business plan was prepared and submitted to MIG for the upgrading of roads and stormwater in Burgersdorp for a total amount of R5 687 244.00. The National MIG office did approve the business plan and tenders was called for the upgrading of gravel streets and stormwater in Mzamomhle. The MIG allocation for Gariep in 2006/2007 a total amount of R1 539 000.00 was allocated to this project A tender to the amount of R1 369 578.00 was awarded and implementation of the project did start on 29 June 2007.

In total of 1 000 meter of street was regravell in Mzamomhle, to upgrade the existing road network the cost of the project was R200 000 A new backhoe loader was purchase and delivered on 15 July 2006, the amount spend was R493 500.00 to improve the roads.

An application was submitted to the Development Bank of SA to purchase new road maintenance vehicles and equipment for the improvement of roads The application was approved and a loan agreement was entered into on 15 May 2007 to the amount of R2 200 000.00. Tenders were called for the road maintenance vehicles and tenders closed on 13 July 2007.

#### **Solid Waste Management**

Gariep Local Municipality did take up a loan to the amount of R800 000.00 from the Development fund of DBSA to purchase 3 tractor combination to improve the cleansing and refuse removal departments vehicles Tenders were called for in June 2007 for the purchase of the above vehicles.

The capital budget for the 2007/2008 financial year was approved by Gariep Municipal Council to provide for an amount of R100 000.00 for the funding of the solid waste site in Venterstad.

#### **Sportfields**

The Department of Sport Recreation and Culture did provide an amount of R1 000 000.00 to Gariep Local Municipality to upgrade the sportfield in Venterstad.

The implementation of the project did start on 6 June 2006 and was completed on 24 April 2007. Local labour was employed by the contractor to plant grass, irrigation as well as the construction of the athletic track. The ablution facility and dressing room as well as the netball court was upgraded.

An application for the funding of the rest of the buildings at the sportfield to be upgraded, the funding to the amount of R608 000.00 was approved by the Department of Sport Recreation and Culture and will start during the new financial year.

## **Housing**

Housing application was submitted to the Provincial Department of Local Government and Housing and Traditional Affairs for the construction of the following housing units:

Nozizwe 360 houses units existing serviced area  
Mzamomhle 600 housing units IDT  
Khayamnandi 400 housing units IDT

The Nozizwe 360 housing unit project was approved and the necessary tender documentation was prepared for the implementation of the project. The other 2 projects beneficiary list was drawn up and we still wait for final approval and funding of the projects.

Gariep Local Municipality did apply to the Department of Local Government, Housing and Traditional Affairs to assist with the development of a Housing sector plan for Gariep Local Municipality, the approval was received in July 2007 and a consultant is busy with the development of a housing sector plan.

The Department of Local Government Housing and Traditional Affairs did appoint the NHBRC to assist with the investigation with rectification of the 3 housing projects in Tembisa, Nozizwe, Oviston and Greenfields.

## **ECONOMIC & SMME DEVELOPMENT**

### **Lake Gariep Resort Development Project**

The Gariep is currently lobbying for an LED strategy funder and thus currently operating its LED without a strategy but the needs of the community drives the Municipality to develop SMME sector as the driver of the local economy. Support to this is the development and promotion of the entrepreneurship through government grants to create quality business that would be sustainable.

The Gariep local municipality has developed the Lake Gariep Resort project as one of its SMME project and was assisted by DEAT with three millions for more development to take place. This project is implemented by the African Implementation Management Services (AIMS) and has established its steering committee, it managed to identify 36 beneficiaries. To date the project went through several trainings and is finalizing the signage. In mid February the project will be erecting the swimming pool, building two offices.

### **J.L De bruin Dam development Project**

The Gariep local municipality received funding from DEAT for the development of the J.L De Bruin an amount 1.2million was received by the Municipality. The institution is going to establish a steering committee in February 2008.

### **Tourism sector plan**

The company to undertake the tourism sector plan has been appointed. The steering committee has approved phase one to four and thus the plan is on the finalization stage which means that very soon we will be having our Tourism Sector plan.

## **Commonage Management Plan**

The area is largely surrounded by farms and open space of land, thus the municipality's economic driver is the Agricultural Sector. For this potential to be successfully realized the land acquisition is of paramount. The fund for the development of commonage management and development plan was received and soon the due procedures and processes will be followed. A fair number of commonages and LRAD Farms in the area has been acquired.

## **Gariep heritage sites**

The department of sport art and culture in partnership with the Gariep local Municipality and the other 3 local municipalities are in the process of compiling a Heritage sites booklet in making sure that our heritage is recognized and well kept. The booklet will be finished in March 2008 and launched in April 2008.

## **Poverty alleviation projects**

For the financial year ended in June 2007, an amount of 2,145 has been received from different government departments in support of poverty alleviation projects within the jurisdiction of the municipality.

## **Neighborhood Development Fund**

Having considered the aforementioned grant terms and conditions and carefully analyzed the District Spatial Development Plan, Gariep Draft SDF and the draft Tourism Sector Plan it makes economic sense to prioritize Venterstad 24hour filling station and Ezinyoka Township

## **Community skills audit**

Concerted efforts have been made to secure funding to conduct community skills audit. The audit will be able to indicate to the institution the skills levels in the area, the number of unemployed graduates, skills possessed by the young people, gaps and interventions and the identification of sectors for alignment.

## **Skills programme**

Through the programmes of Umsobomvu youth desk 5 Young people have been placed with MAPPSETA to be trained on the New Venture Creation (Arts and Craft), 1 young person have been sent for ICT training organized by DOC for a duration of 12 Months, 8 young people have been placed with the expanded Public Works Programme.



## **MARKETING AND COMMUNICATION**

The office of Communications in the period under review continued with its quest to market and brand the Municipality positively and achieve premium brand equity in South African Local Government.

Although much has not been achieved in terms of Marketing the Municipality due to financial constraints,

some positive strides were made. The new branding material (Corporate Flags and Banners with the Mission and Vision statements ) reflecting the Gariep brand has been developed, boasting the corporate colours of the institution. In addition to the development of this branding material, the colours used in the Municipality's newsletter have been changed to reflect those of the municipality.

In an effort to further market the municipality a half page advertorial has been placed in Portfolio Municipality, an annual publication that is packaged and produced in association with SALGA and the National Department of Provincial & Local Government (dplg). The advertorial is aimed at marketing the municipality as a tourist destination to reflect the cultural diversity that is well complemented by the splendor of attractions that exist within the municipality.

A three minute advert focusing on a number of attractions and specific projects such as the major water project in the 1970's which brought Orange River water(now known as Gariep Dam) via Fish River for agriculture and industrial use was also flighted in KYKNET, an Afrikaans television channel accessed through DSTV.

The Gariep Municipality brand name has not been secured and the communications office will work harder to secure, enhance and make it known by an increase in brand prominence and media presence. In future we are looking at marketing the municipality not only as a tourist destination but also as an area where investors can come and invest.

## **PUBLIC PARTICIPATION**

### **Integrated Development Plan**

#### **Process plan**

Following the Municipal Elections held on 1 March 2008, municipalities were required in terms of Section 28 of the Municipal Systems Act, reads with Section 21 of the Municipal Finance Management Act to prepare and adopt an Integrated Development Plan and Budget Process Plan. In this regard, the Ordinary Council Meeting held in August 2007 approved schedule of key dates, mechanisms and procedures and consultation forums.

#### **Institutional arrangement and human resource capacity.**

The Integrated Development Planning is located within the Strategic Support Directorate, The Acting Municipal Manager has been responsible for the management and coordination of IDP & Budget Process Plan. During the year under review no IDP Manager or Official was appointed as suggested in the previous occasions. However, the LED Coordinator was assigned to perform all IDP related functions.

#### **Training and Development**

In the year under review no formal and accredited training was organized.

#### **Budget**

An amount of R50,000 was allocated by the District Municipality to coordinate the Integrated Development and Budget Process

## Mechanisms and Procedures

In order to manager effective and efficient public participation and improved coordination the following committees and structures were established.

- IDP and Budget Representative Forum
- IDP& Budget Technical Committee
- IDP & Budget Steering Committee
- Economic Cluster
- Social Cluster
- Governance and Administration
- Intergovernmental Relations Forum as envisaged in IGR Framework of

2005

## Stakeholder engagement

As part of public consultation and participation in the Integrated Development Planning Processes the following stakeholders were consulted and involved in the formulation of the five year Integrated Development Planning

- Gariep Youth Council
- Ward Committees
- Local Tourism Organization
- Gariep Agricultural Association
- Construction Association
- Gariep Transport Forum
- Gariep Rate Payers
- Meeting with Non-Governmental Organizations
- Gariep Woman Economic Empowerment
- Sector Departments

## Political leadership

The Mayor and his Council has undoubtedly provided political leadership and direction in all IDP and Budget related programs.

## Government involvement

There has been a varying involvement of government departments, in this regard, the following departments were consistent in providing support, with the exception of the Department of Education, this particular department has failed to honour invitations with no apology.

| Department   | Government Sphere        |
|--|--------------------------|
| Department of Agriculture                                    | Ukhahlamba District      |
| Department of Social Development                             | Aliwal North Area Office |
| Department of Health   | Aliwal North Area Office |
| Department of Roads and Transport                            | Ukhahlamba District      |
| Department of Sports, Recreation , Arts and Culture          | Ukhahlamba District      |
| Department of Labour   | Aliwal North Centre      |
| Department of Environmental Affairs and Tourism              | National                 |
| Department of Economic Development and Environmental Affairs | Province                 |
| South African Police Service                                 | Gariep                   |
| Provincial Treasurer   | Gariep                   |

|   |                        |
|---|------------------------|
| Eastern Cape Parks Board  | Oviston Nature Reserve |
| Eastern Cape Tourism Board                                      | Aliwal North Office    |
| Department of Housing, Local Government and Traditional Affairs | Province               |

## COMMUNITY DEVELOPMENT WORKERS

Gariep Municipality is composed of four wards, Community Development Worker for Ward two is yet to be appointed. Out of three CDW, two are actively involved in almost all service delivery activities

## KEY DELIVERABLE DURING 2006/7

| KPI   | Number engagement |
|---|-------------------|
| IDP Representative Forum                        | 3                 |
| Mayoral Outreaches                              | 3                 |
| Meeting with business                           | 2                 |
| Local Tourism Organization                      | 2                 |
| Training of Ward Committees                     | 1                 |
| Joint Outreaches with the District Municipality | 2                 |
| Intergovernmental Relations Forum               | 4                 |

## GROWTH AND DEVELOPMENT SUMMIT

During the first quarter of 2007 the District Municipality in collaboration with local municipalities, Department of Local Government and Traditional Affairs and Department of Economic Development and Environmental Affairs convened the Growth and Development Summit, the primary purpose was to agree and commit all stakeholders on a set of priorities to be implemented over the next five years.

### Summit Objectives

Cooperate with all other stakeholders and take concerted action to protect, sustain and create decent jobs and promote growth and investment

Strengthen and utilize the IDP as a socio-economic planning tool for the district

Identify the social and economic development priorities and key skills needs in the district

Provide and leverage the resources necessary to grow and develop the social and economic potential of the district

To this far, actions plans, procedures and mechanism to implement such agreements are being prepared.

## APPROVAL IDP AND BUDGET

2006/07 IDP & Budget was unanimously approved by Council

### CHALLENGES

- Of great significance is the municipal ability to prepare and produce a credible Integrated Development Plan and realistic Budget, in this regard, the Department of Provincial and Local Government (DPLG) has produced a Credible IDP Framework as guide for municipalities. Concerted will be made to comply with the proposed guidelines

- One of the strategic objectives of the Provincial Growth Development Plan(PGDP) is to provide hands on support to local municipalities. To this far, this objective has not yet been achieved. This means that management should continue to engage the Department of Local Government and Traditional Affairs for the practical implementation of the critical strategy
- The delay in the transfer of grants between spheres of government has over the past years caused serious financial management problems, these include poor project implementation, poor reporting patters, under spending and fiscal dumping.
- It is therefore recommended that a greater attention should be paid in the budget formulation process, accordingly, the Provincial Treasury should be invited to provide necessary support so as to achieve a realistic budget.

## SPATIAL DEVELOPMENT FRAMEWORK

The areas have being identified as mentioned under Land use Management.

### Zoning and Building Plans

Eight zoning applications were approved and finalized.

Three zoning applications were received during December 2007 and will be attended to during January 2008.

To satisfy the urgent requests received by applicants, the finalization of zoning applications are attended to and finalized as soon as possible.

Due to advertisement of these zoning requests, time-frames must be met to prevent unnecessary delays during the process.

### Building Plans

The breakdown of received and approved building plans is reflected in the table below.

| Applications Outstanding 1 July 2007 | Category              | Number of new applications received | Total value of applications received | Applications Outstanding |
|--------------------------------------|-----------------------|-------------------------------------|--------------------------------------|--------------------------|
| 2                                    | Residential new       | 5                                   | 2 040 082                            | -                        |
| 1                                    | Residential additions | 27                                  | 2 080 914                            | -                        |
| -                                    | Commercial            | 3                                   | 384 360                              | -                        |
| -                                    | Industrial            | 1                                   | 800 000                              | -                        |
| -                                    | Other (specify)       | -                                   | -                                    | -                        |

Building plans must be approved as soon as possible and inspection of the premises before commencement with construction, during building the process and with completion of construction must be done on a regular basis.

The availability of transport to perform the above-mentioned duties needs urgent attention.

## Township Establishment

No establishments took place, but it is proposed that urgent attention be given to allocation of business premises situated within RDP areas.

## Land Use Management

The municipality's intention is to develop the following sites, situated within areas already being identified:

Survey of 85 Middle Income Housing sites, Burgersdorp

Survey of 20 High Income residential sites, Burgersdorp within identified area

Survey residential waterfront sites, Oviston within identified area

Survey of new Brick-yard, Burgersdorp within identified area

Installation of services to 12 surveyed sites Burgersdorp

Due to continuous enquiries received regarding availability of sites within the area, the shortage of funding to commence with development could delay these development processes.

To deliver services in this regard the availability of transport needs urgent attention.

## COMMUNITY AND SOCIAL DEVELOPMENT

### Police Services

### Fire Safety and Disaster Management

The office is up and running except for the fact it is not accessible to the physically challenged members of the community because of the stairs and non availability of signage. A record of reported incident is kept and forwarded to the District in Barkly East offices of disaster management.

Office equipment is available except for the computer that is outdated and causes problems.

### Fire and Emergency Services

There are three Gariep Municipal workers who have been trained in fire fighting by Ukhahlamba District Disaster Management Unit, namely: Messrs **Lukie Nel: Freshman Kile Dumezweni and Michael Pieterse.**

Two fire fighting volunteers that have been trained in fire fighting level 1 and hazmat at Steynsburg are now getting monthly stipend. They do respond to fires when they are called.

The challenges that are experienced are as follows:

- All volunteers including the municipal workers do not have protective clothing and that poses danger to their lives.
- There are no two way radios to be used especially in running forest fires causing them to use their own cellular phones.

### Housing Reconstruction Programme

Over the past years, there have been old houses in the area that kept on collapsing when ever strong winds and heavy rains occur. The list of those houses was compiled and forwarded to the Provincial Disaster Management Centre for them to provide funding to reconstruct and repair damaged houses in the area. Gariep area has benefited from the programme and still continues benefiting.



In the year 2006, between August and September there were floods and heavy rains that were declared disaster in the Eastern Cape Province. The Ukhahlamba District was affected as well. The Provincial Disaster Management Centre took the entire data base that was forwarded and request funding from Municipal Infrastructure Grant (MIG). The allocation is as follows:

|                        |                |
|------------------------|----------------|
| 12 totally destroyed   | R 257 988 - 00 |
| 15 partially collapsed | R 161 250 – 00 |

Therefore it was suggested that the distribution of funds should be spread thinner than butter per slice of bread as the number of damaged houses has increased and would be more after the re-assessments have been done.

After the assessments were conducted the number of houses increased to 22 in the whole area and funds are insufficient.

Currently the reconstruction programme has commenced in Steynsburg, excavation is now complete and awaiting to throw slab and proceeds with superstructure.

Burgersdorp has started with demolishing old structure in order to put new structure. Built-it has been appointed to supply building material in the whole area of Gariep.

Therefore, it was agreed in the meeting with Gariep Builders Association held on the 16th August 2007 that:

- Contractors fee would be R 6 000 for labour including vat at 14% and material costs would be borne by Ukhahlamba District Municipality.
- Only registered contractors with NHRBS would be considered.
- Track record of previous work per contractor would be looked at.
- Employment of youth, females and people with disabilities should be a priority.

### **Volunteer Training**

No training has been conducted for the year 2007. And advert has been issued to recruit volunteers, where a certain number will be taken to training. Closing date for applications is the 8th February 2008 and selection will be conducted at Ukhahlamba District Municipal offices – Barkly East.

### **Awareness Campaigns**

Due to financial constraints awareness campaign has not been conducted but we are currently drafting the programme.

### **Service Level Agreement**

The service level agreement has not been signed yet, we are still waiting for the updated version from the district.

### **Advisory Forum Meetings**

Local Disaster Management Advisory Forum Meetings have not been held due to previous non-consistency of attendance starting from the district. Therefore, the office of disaster management is required to revive the state of local advisory forum whereby every stakeholder will be committed.

### **Health Management**

Primary Health Care – from March 2006

The staff shortage at the clinics was addressed and definitely reflection of some improvement will be there for the community of Gariep Local Municipality to judge. Three (3) Professional Nurses from the Province were placed in our facilities. One (1) at Steynsburg, One (1) in Thembisa Clinic and One (1) in Mzamomhle Clinic.

Presently, Gariep Local Municipality is left with 1 vacancy to fill in the Eureka Clinic. That was supposed to be done by the 22 March 2007. The clinics will then have the full staff establishment which in turn will improve the service delivery.

The Primary Health Care had 69 children under five years that were not gaining weight and malnourished and 50 children underweight for age on records in the Gariep sub-district. This was a great concern as 8.5 % of Eureka's under five years, 6.8 % of Khayamnandi, 0.5 % of Mzamomhle and 3 % of Venterstad under five years children was either malnourished or were experiencing a growth stunt that could be a direct result of malnourishment.

In an attempt to address the problem business plans for soup kitchens at the clinic was submitted to the Department of Health via the LSA office in Aliwal North.

The head count or workload per clinic remained higher than the norm but the situation will hopefully improve with the new appointments done as indicated above.

The clinic service showed an improvement as Gariep Local Municipality Primary Health Care Department have managed to employ 2 new Professional Nurses. The one nurse being Provincially employed.

The Thembisa Satellite Clinic was rep-opened as from 6 November 2006 with Sister Ally placed in the facility. The Provincially employed sister, Sister Mjezu was placed at Mzamomhle clinic as that clinic was in need of another Professional Nurse.

The Polio Campaign that was done in October 2006 also pushed up the immunization coverage to 99% a great achievement in deed. The health personnel picked up many defaulters during this period.

The HIV positivity rate for Gariep showed a 6 % increase among the females and 1 % among the male population. This was brought under the attention of AIDS Council at the next meeting to try and intensify the awareness campaigns and the fight against HIV/AIDS.

## **Environmental Health**

The Environmental Health Officer reported on several items of which Diarrhea seemed to be a problem. 21 cases of Diarrhea were reported from the clinics. The Environmental Health Officer investigated the cases and the report was submitted as follows:

## **Functional Category**

### **Water Quality Management**

Nearly 21 Diarrhea cases were reported in Burgersdorp Hospital for the past 4 weeks by the LSA office (Maletswai) for Environmental Health Practitioners to do further investigation. Patients were discharged from hospital and water samples were collected in the Gariep Local Municipal area and report was submitted.

### **Food Control**

Condemnation of non complying foodstuff or products and the following meat products were condemned at Albert Slaghuis in Burgersdorp:

- 210 kg Beesbinnegoed
- 350 kg J'burg
- 200 kg Beeslung
- 28x5 kg Plaaswors
- 35 g Easy braaiwors

- 32 kg Vark ontbeen
- 640 kg Bene
- 20 Skaapafvalle
- 4 Beeskope
- 60 kg Wildsvleis
- 250 kg Beeslewer
- 216 x 2l ice cream
- 4 x 5l ice cream
- 30 kg skaap ontbeen
- 50 kg been ontbeen
- 20 x 18 kg goedkoopworsvleis
- 30 kg Fat
- 12 x 2 kg Chicken
- 50 kg steak

The following products were condemned from Score Supermarket in Burgersdorp:

- 31x 2kg IQF Country Fair chicken
- 59 x 5l Treat Ice Cream.

The following products were condemned from Mickey Supermarket in Venterstad:

- 20 x 30g Simba Chips
- 8 x Lays Chips
- 1 x 410g Miami Braai Relish
- 2 x 500 ml Everfesh milk
- 39 x 7.5g Hinds chicken spices.

Inspections from hawkers on pension days were done in Venterstad and Steynsburg and Health Education was given to all hawkers.

### **Challenges Pending:**

No dedicated person for continuous monitoring of foodstuff or products for expiry dates at all the Supermarkets. It was therefore recommended that dedicated person to monitor food quality products and check for expiry date and Environmental Health Practitioners do regular food premises evaluations.

### **Waste Management**

Refuse site in Steynsburg was still managed effectively but a complaint was received from the refuse collection staff about the general waste that was mixed with glasses from BKB shop; the matter was attended and BKB supervisor was given a verbal warning.

### **Constraints:**

Shortage of staff  
shortage of equipment  
shortage of tractors.

### **Health Surveillance of Premises:**

The Lingeletu Day Care Center premises were inspected as requested by the Department of Social development and was approved to operate as a Day Care Center.

The Cleanest town competition won by Maletswai Local Municipality.

Gariep HIV& AIDS Unit

## **Institutional arrangement**

Gariep Local Municipality in response to HIV & AIDS and endeavor to minimize the impact of the pandemic in the community, has set up an HIV& AIDS unit and strategically placed in the office of the mayor. The Coordinator was appointed in the year under review

The Unit has been operating with limited budget allocated to the unit with the bulk of funded projects sourced external.

## **Effective Coordination and Intergovernmental relations**

Gariep Local Aids Council has been established. This is a coordinating structure, that is there to give direction and ensure that all efforts to fight the pandemic are well coordinated. Also to advise the local municipality on HIV& Aids related issues.

Gariep Local Aids Council which is chaired by the portfolio head of Community Service as per delegation by the Mayor, is formed by various stakeholders including representatives from sector departments, civil society organizations and faith based organizations.

Civil society organizations have been capacitated in form of trainings in order to participate effectively in the Local Aids Council.

## **Prevention, Education, Awareness and Social**

### **Mobilization**

Gariep Local Aids council has successfully embarked on a campaign to fight stigma& discrimination of people living with HIV& Aids. This campaign also encouraged voluntary testing and counselling and status disclosure for support.

VCT is available in all the health care centers in the Gariep municipal area.

Educational programs targeting youth, such as Love Life Games and “bridging the generation gap”, have been implemented this year.

Calender events were also observed this year, in form of educating people and encouraging support to those who are infected and affected. These include Candle Memorial and World Aids Day which was hosted in conjunction with the Mayoral Tournament

## **Treatment Care and Support**

Gariep Municipal area does not have an ARV site accredited yet. In ensuring that people access treatment from a site that is about 150km away, all stakeholders involved have been working together to coordinate transportation of patients.

All the clinics offer the down-referral services and give support to patients on treatment.

There are 3 home-based care centers, which also have backyard food garden projects. One of these has been operating without funding for years, this year it was funded.

## **Challenges for 2007/08**

Budget Provision for the Unit

Preparation of a multi sectoral HIV& AIDS Strategic Plan

Capacity building for Aids Council

ARV site accreditation

Support to NGO's and CBO's, in form of Fundraising, Monitoring& Evaluation and Training & development.

## **SPECIAL PROGRAMMES DEVELOPMENT**

Since the establishment of the Special Programs Unit in Gariep in year 2004, Its core function is to lobby and advocate for development of all vulnerable groups at all spheres. The youth & women have managed to be

developed through the assistance of the Department of social development.

## **Youth**

Mboksende car wash: is a youth initiative started in 2006 with a group of 6 young people being assisted by Gariep Municipality with R3000,00, In October 2007 it was blessed in earnest with R500 000,00 funded by the department of Social development.

In December 2007 The Council Resolved to lease them a site next to Berg Meubels where this project can operate in.

## **Women**

**Sinethemba Women Cooperative:** this project has started in march 2007 funded by the Department of Social Development with R500 000,00. the beneficiaries have received training from the Department of Labour. The project specialises in furniture manufacturing ranging from wall units, coffee tables, and book shelves. The project gets necessary support from the community & hopes to strike lucrative deals with big companies as well as local businesses.

## **Disabled**

The Disabled income generating project was funded ( in March 2006 ) by Ukhahlamba District Municipality with R50 000,00 instead of R100 000,00 as per approved amount from the Business Plan which was submitted. No attempts in 2007 were made to assist this project as it failed dismally to sustain

## **Learnerships**

In march 2007 seven young people were assisted through this office to attend learnership programme on water & sanitation being organised by ASANTE.

## **Structures**

The office of the special programs has managed to establish the SPU structures, it is imperative to note that these structures solemnly depend on government programs; they don't make their own initiative so as to operate well, Only Gariep structures that are in existence as forums are in ICU.

## **Events**

### **June 16 ( Youth Month )**

There was no celebration to honour the youth month around Gariep Municipality except the national event which was in East London where 30 people from Gariep Municipality did attend to that as organised by the province.

### **Children's Christmas Party**

it is every child's dream to receive a Christmas gift from the Premier and this dream was on the 28 November 2007 realised when the office of the premier threw a Christmas party for the children of Burgersdorp.

This event targeted children from Grade R to Grade 7 in all primary schools in Burgersdorp. Kids were handed Christmas presents of school bags containing snacks and the joy was written on their little faces. This event also focused on needy families where twenty families were identified and food parcels were handed over to them by the Honourable Mayor, Clr N Ngoqo.



## **International Day for disabled people**

The Burgersdorp Dannie Craven Stadium was blessed on the 11 December 2007 when the international day for Disabled was celebrated by all district municipalities through out the provinces being spearheaded by the disabled structures.

The event was organised by the office on the status of disability at the provincial level, various government departments contributed to the success of the event. The Gariep Municipality did make a contribution by providing with Human resource staff, infrastructure and transported disabled people from three towns within its jurisdiction.

## **Mayoral Tournament**

The high rate of crime and poor moral regeneration among our youth poses a big challenge for our municipality, having discovered this, the office of the special programme in the office of the Mayor requested the council to commit funds for the Mayoral Tournament so that the youth become involved in developmental programs.

The Mayoral Tournament took place on the 08 – 09 December 2007 and was funded with R30 000,00. Eight teams participated and four teams proceeded to finals. **Young Ideas** won the cup by beating **secrete stars**.

In **Netball** only four teams participated, and there were no elimination games. **Happy Stars** won the Cup by beating **Sweet Berries**

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANIZATIONAL MANAGEMENT

### Implementation of existing Human Resource Policies, Strategies and Plans

The meeting held with the Employment Equity Inspectors on Wednesday, September 20, 2006 identified a number of gaps in our Employment Equity Report EEA2, Employment Equity Plan, and other matters requiring our actions in order to be in compliance with the Act.

The inspectors were satisfied that the Local Labour Forum is the appropriate forum in our circumstances to undertake the duties of the consultative forum in employment equity matters.

In terms of Section 19 (1) of Employment Equity Act, the employer must collect information and conduct an analysis of its employment policies, practices, procedures and working environment to "identify employment barriers which adversely affect people from designated groups".

Gariep Municipal Employment Equity plan submitted for Financial year 2006/2007, had a staff complement of 194 employees. For the Employment Equity statistics: **See table below**

| Male                                       |            |          |           | Female    |          |           |
|--|------------|----------|-----------|-----------|----------|-----------|
|  | African    | White    | Coloured  | African   | White    | Coloured  |
| Senior Management                          | 2          | 4        | 0         | 0         | 0        | 1         |
| Middle Management/Supervisory/Professional | 9          | 4        | 1         | 5         | 3        | 0         |
| Office Staff                               | 15         | 1        | 4         | 20        | 5        | 8         |
| Elementary occupational level              | 83         | 0        | 16        | 9         | 0        | 4         |
| <b>Total</b>                               | <b>109</b> | <b>9</b> | <b>21</b> | <b>34</b> | <b>8</b> | <b>13</b> |

In terms of percentage, the reality of level of employment for the year 2006/2007 was reflected as follows:

|  |       |
|--|-------|
| Senior Management                          | – 4%  |
| Middle Management/Professional/Supervisory | – 11% |
| Office Staff                               | – 27% |
| Elementary occupational level              | – 58% |

#### According to race:

|            |     |
|------------|-----|
| African :  | 74% |
| White :    | 8%  |
| Coloured : | 18% |

#### According to gender

|                        |     |
|------------------------|-----|
| Women representation : | 28% |
| Male representation :  | 72% |

Also attached herewith is the list of existing policies

#### Filling of posts

During the period 2006/2007, the municipality developed new positions that were not reflected in the organi-

zational structure. The Municipal organisational structure, was not of great assistance in terms of filling the necessary positions. Council and management decided that, in order to comply with Employment Equity requirements a new organisational structure needs to be developed. The following positions were reflected as vacant posts in the old structure:

### **Community Services**

Nurses  
Enroll nurse  
Cleaners  
Environmental Health Practitioners(District Municipality)

### **Technical Services**

Foreman in Public Works  
Electrician  
General workers in Public Works  
General worker in Sanitation  
General workers in Electricity Section

### **Finance Department**

No vacancies

Corporate Services Department

Chief Administration Clerk  
Human Resource Clerk

### **Municipal Manager's Office**

Internal Auditor  
Unit Managers

### **EXISTING POLICIES**

Acting Allowance  
Absenteeism  
Advances  
Affirmative Action  
Banking & Deductions  
Bereavement  
Career/ Succession Planning  
Cellphone  
Certificate of Service  
Credit Control  
Communication Participation  
Entertainment  
Essential Services  
Fleet Management  
Gifts, Gratia & long service  
Health and Safety  
HIV/AIDS @ workplace  
Internal procedures ( Sick leave, annual leave, appointment of personnel, abscondment/ dessertion, induction, working hours)

Language  
Municipal Vehicles  
Overtime

Placement  
Promotion & Transfers  
Rainy day  
Recruitment  
Remuneration  
Smoking  
Substance abuse “Alcohol & Drugs”  
Subsistence & Travelling  
Standby Allowance  
Student on experiential training  
Termination of employment  
Tokens of congratulations/ condolences  
Transport for funeral  
Usage of telephone

The new organizational structure which is still receiving attention for implementation is attached.

# **CHAPTER 4: Audited Municipal Performance Measurements**



**GARIEP MUNICIPALITY**

**BALANCE SHEET AT 30 JUNE 2007**

|                                       | Notes | 2007<br>R         | 2006<br>R         |
|---------------------------------------|-------|-------------------|-------------------|
| <b>CAPITAL EMPLOYED</b>               |       |                   |                   |
| FUNDS AND RESERVES                    |       |                   |                   |
| Funds                                 | 1     | 10,424,873        | 9,517,225         |
| Reserves                              |       | 8,375,411         | 7,757,649         |
|                                       |       | 2,049,462         | 1,759,576         |
| RETAINED INCOME/(ACCUMULATED DEFICIT) | 19    | 3,196,010         | 2,878,446         |
|                                       |       | 13,620,882        | 12,395,671        |
| TRUST FUNDS                           | 2     | 124,182           | 2,107             |
| PROJECT FUNDS                         |       | -                 | 222,952           |
| LONG TERM LIABILITIES                 | 4     | 1,089,885         | 1,166,866         |
| CONSUMER DEPOSITS : SERVICES          | 5     | 519,480           | 460,546           |
|                                       |       | <b>15,354,429</b> | <b>14,248,142</b> |

**EMPLOYMENT OF CAPITAL**

|   |    |                   |                   |
|---|----|-------------------|-------------------|
| FIXED ASSETS                                | 6  | 11,953,507        | 2,847,808         |
| INVESTMENTS                                 | 7  |                   | 16,657            |
| LONG TERM DEBTORS                           | 9  | <u>11,953,507</u> | <u>2,864,465</u>  |
|   |    |                   |                   |
| NET CURRENT ASSETS                          |    | <u>3,400,922</u>  | <u>11,383,677</u> |
|   |    |                   |                   |
| CURRENT ASSETS                              |    | 43,557,583        | 33,123,294        |
| Inventory                                   | 10 | 869,317           | 367,506           |
| Debtors                                     | 11 | 42,671,608        | 32,755,788        |
| Cash on hand and at bank                    |    |                   |                   |
| Short term investments                      | 7  | 16,657            | -                 |
| Short term portion of long term liabilities |    |                   | -                 |
|   |    |                   |                   |
| CURRENT LIABILITIES                         |    | 40,156,661        | 21,739,617        |
| Provisions                                  | 13 | 11,548,789        | 2,665,646         |
| Creditors                                   | 14 | 20,286,979        | 16,121,779        |
| Short term portion of long term liabilities | 4  | 145,232           | 145,232           |
| Bank overdraft                              |    | 8,175,661         | 2,806,960         |
| Advances                                    |    |                   |                   |
|   |    | <u>15,354,429</u> | <u>14,248,142</u> |

(0)

# INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

|  | 2006<br>Actual<br>income<br>R | 2006<br>Actual<br>expenditure<br>R | 2006<br>Surplus/<br>deficit<br>R | RATES &          |            |             |             |  |  |  |
|--|-------------------------------|------------------------------------|----------------------------------|------------------|------------|-------------|-------------|--|--|--|
|  |                               |                                    |                                  | GENERAL SERVICES |            |             |             |  |  |  |
|  | 21,594,595                    | 20,524,343                         | 1,070,252                        | 29,746,947       | 29,382,751 | 364,196     | (3,832,923) |  |  |  |
|  | 13,767,253                    | 15,706,181                         | (1,938,928)                      | 16,940,150       | 18,589,856 | (1,649,706) | (3,670,020) |  |  |  |
|  | 255,913                       | 2,761,961                          | (2,506,048)                      | 215,917          | 2,840,972  | (2,625,055) | (2,665,866) |  |  |  |
|  | 7,571,429                     | 2,056,201                          | 5,515,228                        | 12,590,880       | 7,951,923  | 4,638,957   | 2,502,963   |  |  |  |
|  | -                             | -                                  | -                                | -                | -          | -           | -           |  |  |  |
|  | -                             | 920,593                            | (920,593)                        | 36               | 633,815    | (633,779)   | (383,753)   |  |  |  |
|  | 6,873,189                     | 6,832,496                          | 40,693                           | 14,601,074       | 13,523,971 | 1,077,103   | 1,304,103   |  |  |  |
|  | 212,582                       | 313,726                            | (101,144)                        | 77,940           | 305,601    | (227,661)   | 3,580,000   |  |  |  |
|  | 28,680,366                    | 28,591,158                         | 89,208                           | 44,425,997       | 43,846,138 | 579,859     | 667,427     |  |  |  |

36,745 Appropriations for the year (note 19)

(262,295)

**125,953 Net surplus/(deficit) for the year**

**317,564**

2,752,493 Accumulated surplus/(deficit) at beginning of the year

2,878,446

**ACCUMULATED SURPLUS/(DEFICIT)  
AT THE END OF THE YEAR**

**2,878,446**

**3,196,010**

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

|   | Note | 2007<br>R           | 2006<br>R      |
|---|------|---------------------|----------------|
| <b>CASH RETAINED FROM OPERATING ACTIVITIES</b>  |      |                     |                |
| Cash generated by operations                    | 20   | 11,273,239          | 2,419,187      |
| External Investment Income (interest received)  |      |                     | -              |
| (Increase)/decrease in working capital          | 21   | (32,761,384)        | (1,939,503)    |
|   |      | (21,488,145)        | 479,684        |
| Less : External interest paid                   | 18   | 208,785             | 208,785        |
| <b>Cash available from operations</b>           |      | <b>(21,279,360)</b> | <b>688,469</b> |
| Grants from the Government                      |      |                     |                |
| Net proceeds on disposal of fixed assets        |      |                     | -              |
| <b>CASH UTILISED IN INVESTING ACTIVITIES</b>    |      |                     |                |
| Investment in fixed assets                      |      |                     |                |
| <b>NET CASH FLOW</b>                            |      | <b>(21,279,360)</b> | <b>688,469</b> |
| <b>CASH EFFECTS OF FINANCING ACTIVITIES</b>     |      |                     |                |
| Increase/(decrease) in long term loans          | 22   | 175,781             | (154,311)      |
| Increase/(decrease) in non-recoverable advances |      |                     |                |
| Increase/(decrease) in short term loans         | 23   | -                   | -              |
| (Increase)/decrease in cash investments         | 24   | -                   | (427)          |
| (Increase)/decrease in cash                     | 25   | 843,207             | 843,207        |
| Increase/(decrease) in funds                    |      |                     |                |
| <b>Net cash (generated)/utilised</b>            |      | <b>1,018,988</b>    | <b>688,469</b> |

# NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

|   | 2007<br>R        | 2006<br>R        |
|---|------------------|------------------|
| <b>1 FUNDS</b>  |                  |                  |
| <u>Statutory funds</u>                                    |                  |                  |
| Revolving fund  | 8,073,747        | 7,455,784        |
| Capital Development Fund                                  | -                | -                |
| Housing Development Fund                                  | 301,664          | 301,664          |
| (Refer to appendix A for more details)                    | <u>8,375,411</u> | <u>7,757,448</u> |
| <u>Reserves</u>   |                  |                  |
| Maintenance Fund  | 368,662          | 310,625          |
| Renewal Fund  | 358,628          | 313,339          |
| Working Capital   | 1,322,172        | 1,135,612        |
| (Refer to appendix A for more details)                    | <u>2,049,462</u> | <u>1,759,576</u> |
| <b>2 TRUST FUNDS</b>                                      |                  |                  |
| C.I. Hughes Fund  | 2,107            | 2,107            |
| (Refer to appendix A for more details)                    | <u>2,107</u>     | <u>2,107</u>     |
| <b>3 PROJECT FUNDS</b>                                    |                  |                  |
| Election fund   | 72,600           | 72,600           |
| Integrated Development Plan                               | -                | -                |
| Sanitation grant  | 49,123           | 150,000          |
| Motor Vehicle Testing Ground                              | 352              | 352              |
|   | <u>122,075</u>   | <u>222,952</u>   |
| <b>4 LONG TERM LIABILITIES</b>                            |                  |                  |
| External loans  | 1,235,117        | 1,312,098        |
| Internal advances   |                  |                  |
| Less : Current portion transferred to current liabilities | <u>145,232</u>   | <u>145,232</u>   |
|   | <u>1,089,885</u> | <u>1,166,866</u> |



## 5 CONSUMER DEPOSITS : SERVICES

|   |                |                  |
|---|----------------|------------------|
| Services  | 519,480        | (460,546)        |
|   | <u>519,480</u> | <u>(460,546)</u> |
| Guarantees in lieu of electricity and water deposit | -              | -                |

## 6 FIXED ASSETS

|   |                   |                   |
|---|-------------------|-------------------|
| Fixed assets at beginning of year                                     | 48,822,795        | 48,822,795        |
| Capital expenditure during the year                                   | 9,281,484         |                   |
| Less : Assets written off, transferred or disposed of during the year |                   |                   |
| <b>Total fixed assets</b>   | <u>58,104,279</u> | <u>48,822,795</u> |
| Less : Loans redeemed and other capital receipts                      | <u>46,150,772</u> | <u>45,974,991</u> |
|   | -                 | -                 |
| <b>Net fixed assets</b>   | <u>11,953,507</u> | <u>2,847,804</u>  |

## 7 INVESTMENTS

|                     |               |               |
|---------------------|---------------|---------------|
| Total               | <u>16,657</u> | <u>16,657</u> |
| <u>Listed:</u>      |               |               |
| Shares - Old Mutual | -             | -             |
| <u>Unlisted:</u>    | <u>16,657</u> | <u>16,657</u> |
| Short Term Deposits |               |               |
| Long Term Deposits  | <u>16,657</u> | <u>16,657</u> |

## 8 SHORT TERM INVESTMENTS

|                              |   |   |
|------------------------------|---|---|
| Election fund                | - | - |
| Arrears Write Off Grant      | - | - |
| IDP                          | - | - |
| Pilot Housing                | - | - |
| Motor Vechile Testing Centre | - | - |
| Katlehong Survey             | - | - |
| Mt Fletcher investment       | - | - |
| Katlehong Planning           | - | - |
| Other account                | - | - |

Housing Loans  
Personnel Loans  
Motor Vehicle Loans  
Other

## 10 INVENTORY

## 11 DEBTORS

Debtors:Water  
Debtors:Electricity  
Debtors: Health Rates  
Debtors: Sanitation  
Debtors: Refuse  
Debtors: Rates  
Commonage Rent  
Subsidy

Debtors: Television  
Current debtors Rates & General services  
Current debtors consumer and other  
Current debtors -(other)  
Amounts paid in advance (deposits & prepa

## Transfer to creditors

[illegible]

**12 DEFERRED CHARGES**

Commission  
Issue expenses  
Commission

|  |           |
|--|-----------|
|  | -         |
|  | 2,665,645 |

**13 PROVISIONS**

(Refer to appendix A for more details)

**14 CREDITORS**

Trade creditors  
VAT

Deposits :

Electricity and water  
Town Hall  
Petrol  
Other

Other

|              |            |
|--------------|------------|
| (20,286,979) | 16,121,779 |
| -            | -          |
| -            | -          |
| -            | -          |
| (20,286,979) | 16,121,779 |
| (20,286,979) | 16,121,779 |

Transfer from the debtors disclosure note

**15 ASSESSMENT RATES**

Residential & Commercial  
Government  
Municipal  
State  
Other

|                       |                       |
|-----------------------|-----------------------|
| Actual income 2,006 R | Actual income 2,006 R |
| 4,436,386             | 4,040,444             |
| -                     | -                     |
| -                     | -                     |
| -                     | -                     |
| -                     | -                     |
| 4,436,386             | 4,040,444             |

**16 COUNCILLORS' REMUNERATION**

|                            |                  |                |
|----------------------------|------------------|----------------|
| Mayor's allowance          | 267,271          | 267,271        |
| Deputy mayor's allowance   |                  |                |
| Councillor allowances      | 488,242          | 488,242        |
| Subsistence&travelling     |                  |                |
| Pension fund contributions | -                | -              |
|                            | <u>1,392,622</u> | <u>755,513</u> |

**17 AUDITORS' REMUNERATION**

|            |                |                    |
|------------|----------------|--------------------|
| Audit fees | <u>550,000</u> | <u>(1,863,949)</u> |
|------------|----------------|--------------------|

**18 FINANCE TRANSACTIONS***Total external interest earned or paid :*

|                 |   |   |
|-----------------|---|---|
| Interest earned | - | - |
| Interest paid   | - | - |

*Capital charges debited to operating account :*

|              |                |                |
|--------------|----------------|----------------|
| Interest :   |                |                |
| External     | 208,785        | 208,785        |
| Internal     | 236,313        | 270,823        |
| Redemption : |                |                |
| External     | 236,999        | 124,996        |
| Internal     | 304,071        | 270,656        |
|              | <u>986,168</u> | <u>875,259</u> |

**19 APPROPRIATIONS*****Appropriation account***

|  |                  |
|--|------------------|
| Accumulated surplus/(deficit) at beginning of year | 2,752,493        |
| Operating surplus/(deficit) for the year           | 89,208           |
| Appropriations for the year                        | 36,745           |
| - Contribution to Revolving Fund                   | -                |
| - Prior year adjustments                           | 36,745           |
| Accumulated surplus/(deficit) at end of year       | <u>2,878,446</u> |

### Operating account

|                            |           |
|----------------------------|-----------|
| Fixed assets               | -         |
| Contributions to           | -         |
| - Bursary fund             | 1,314,813 |
| - Renewal fund             | 48,000    |
| - Working Capital Fund     | 45,289    |
| - Accumulated Funds        | 186,560   |
| - Trust Funds              | -         |
| - Revolving Fund           | -         |
| - Leave provision          | 303,033   |
| - Maintenance reserve      | 123,894   |
| - Housing Development Fund | 58,037    |
| - Audit Provision Fund     | 550,000   |

1,314,813

1,314,813

### 20 CASH GENERATED BY OPERATIONS

|                                       |           |
|---------------------------------------|-----------|
| Surplus/(deficit) for the year        | 89,208    |
| Prior year adjustments                | 36,745    |
| Appropriations charged against income | 1,445,310 |
| - Capital development fund            | 710,971   |
| - Provisions and reserves             | 487,586   |
| Community Facilities Fund             | 246,583   |
| - Statutory Funds                     | 170       |
| - Reserves                            | -         |
| - Project Funds                       | 875,260   |
| - Trust Funds                         | 270,823   |
| Capital charges                       | 208,785   |
| - Interest paid : to internal funds   | 270,656   |
| to external loans                     | 124,996   |
| - Redemption : of internal advances   |           |
| of external loans                     |           |

|  |              |             |
|--|--------------|-------------|
| Less :   |              |             |
| Grants and subsidies received from the State                 |              |             |
| Investment income (operating)                                |              |             |
| Non-operating income   |              |             |
| Non-operating expenditure:                                   |              |             |
| - Debited to funds   |              | (27,335)    |
| - Debited to provisions and reserves                         |              | -           |
| Net expenditure (income) ex Funds, Provisions and Reserves   | 11,273,239   | 2,419,188   |
|  |              |             |
|  |              |             |
| <b>21 (INCREASE)/DECREASE IN WORKING CAPITAL</b>             |              |             |
| (Increase)/decrease in stock                                 | (501,812)    | (164,007)   |
| (Increase)/decrease in debtors, long term debtors            | (4,733,959)  | (4,733,959) |
| Increase/(decrease) in creditors & provisions                | (27,525,613) | 2,958,463   |
|  | (32,761,384) | (1,939,503) |
|  |              |             |
| <b>22 (INCREASE)/DECREASE IN LONG TERM LOANS (EXTERNAL)</b>  |              |             |
| Loans raised   | -            | -           |
| Loans repaid   | 175,781      | (154,311)   |
| Increase/(Decrease) in consumer deposit                      | -            | -           |
|  | 175,781      | (154,311)   |
|  |              |             |
|  |              |             |
| <b>23 (INCREASE)/DECREASE IN SHORT TERM LOANS (EXTERNAL)</b> |              |             |
| Loans raised   | -            | -           |
| Loans repaid   | -            | -           |
|  | -            | -           |
|  |              |             |
| <b>24 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>   |              |             |
| Investments made   | -            | (427)       |
| Investments realised   | -            | -           |
|  | -            | (427)       |

**25 (INCREASE)/DECREASE IN CASH ON HAND**

Cash on hand at beginning of year

(2,002,609)

Less :           Cash on hand at end of year  
                  Operating Current Account Balance & Cash  
                  Revolving Fund Current Account Balance

(2,806,960)  
(2,806,960)  
-

(2,806,960)  
(2,806,960)  
-

**26 BANK AND CASH ON HAND**

Bank and cash

-  
8,175,661

-  
(2,806,960)

Bank overdraft ( disclosed as a current liability )

8,175,661  
8,175,661

(2,806,960)  
(2,806,960)

804,351



# APPENDIX A - ACCUMULATED FUNDS, PROVISIONS AND TRUST FUNDS

|                             | Balance at<br>1 July 2006 | Contributions<br>during the year | Interest       | Other<br>income | Expenditure<br>during the year | Balance at<br>30 June 2007 |
|-----------------------------|---------------------------|----------------------------------|----------------|-----------------|--------------------------------|----------------------------|
| <b>STATUTORY FUNDS</b>      |                           |                                  |                |                 |                                |                            |
| Revolving Fund              | 7,455,784                 | 303,033                          | 236,313        | 78,615          |                                | <b>8073747</b>             |
| Capital Development Fund    | -                         |                                  |                |                 |                                | <b>-</b>                   |
| Housing Development Fund    | 301,664                   |                                  |                |                 |                                | <b>301,664</b>             |
| <b>TOTAL</b>                | <b>7,757,448</b>          | <b>303,033</b>                   | <b>236,313</b> | <b>78,615</b>   | <b>-</b>                       | <b>8,375,411</b>           |
| <b>RESERVES</b>             |                           |                                  |                |                 |                                |                            |
| Maintenance Fund            | 310,625                   | 58,037                           |                | -               | -                              | <b>368,662</b>             |
| Renewal Fund                | 313,339                   | 45,289                           |                | -               | -                              | <b>358,628</b>             |
| Working Capital             | 1,135,612                 | 186,560                          |                | -               | -                              | <b>1,322,172</b>           |
| <b>TOTAL</b>                | <b>1,759,576</b>          | <b>289,886</b>                   | <b>-</b>       | <b>-</b>        | <b>-</b>                       | <b>2,049,462</b>           |
| <b>PROJECT FUNDS</b>        |                           |                                  |                |                 |                                |                            |
| Burgersdorp cemetery        | 72,600                    |                                  |                |                 |                                | <b>72,600</b>              |
| Integrated Development Plan | -                         |                                  |                |                 |                                | <b>-</b>                   |
| Spatial Development Plan    | 150,000                   |                                  |                | 14,123          | 115,000                        | <b>49,123</b>              |
| Nosizwe Venterstad (646)    | 352                       |                                  |                |                 |                                | <b>352</b>                 |
| <b>TOTAL</b>                | <b>222,952</b>            | <b>-</b>                         | <b>-</b>       | <b>14,123</b>   | <b>115,000</b>                 | <b>122,075</b>             |
| <b>TRUST FUNDS</b>          |                           |                                  |                |                 |                                |                            |
| C.I. Hughes Fund            | 2,107                     | -                                |                | -               | -                              | <b>2,107</b>               |
| <b>TOTAL</b>                | <b>2,107</b>              | <b>-</b>                         | <b>-</b>       | <b>-</b>        | <b>-</b>                       | <b>2,107</b>               |

|                     |                   |                  |                |                |                   |
|---------------------|-------------------|------------------|----------------|----------------|-------------------|
| <b>PROVISIONS</b>   |                   |                  |                |                |                   |
| Future depreciation |                   | 8,654,695        |                |                | 8,654,695         |
| Leave               | 717,917           | 123,894          | 352,719        |                | 1,194,530         |
| Town Register       | 16,343            |                  |                |                | 16,343            |
| IDP                 | 21,019            |                  |                |                | 21,019            |
| Audit               | 1,863,948         | 550,000          | 286,216        | 1,132,379      | 1,567,785         |
| Town Planning       | 14,417            |                  |                |                | 14,417            |
| Bursary Fund        | 32,000            | 48,000           |                |                | 80,000            |
| <b>TOTAL</b>        | <b>2,665,645</b>  | <b>9,376,589</b> | <b>-</b>       | <b>638,935</b> | <b>11,548,789</b> |
| <b>GRAND TOTAL</b>  | <b>12,407,728</b> | <b>9,969,508</b> | <b>236,313</b> | <b>731,674</b> | <b>22,097,844</b> |

## APPENDIX B - EXTERNAL LOANS AND INTERNAL ADVANCES

| <b>EXTERNAL LOANS</b> | Balance at<br>1 July 2006 | Received<br>during the year | Interest | Redeemed or<br>written off<br>during the year | Balance at<br>30 June 2007 |
|-----------------------|---------------------------|-----------------------------|----------|---|----------------------------|
| Annuity loans         | 1,312,098                 | 98,799                      |          | 175,781                                       | 1,235,117                  |
| (Refer to Note 3)     | 1,312,098                 | 98,799                      |          | 175,781                                       | 1,235,117                  |

## INTERNAL ADVANCES

| <b>INTERNAL ADVANCES</b> | Balance at<br>30 June 2006 | Received<br>during the year | Interest | Redeemed or<br>written off<br>during the year | Balance at<br>30 June 2007 |
|--------------------------|----------------------------|-----------------------------|----------|---|----------------------------|
| Revolving Fund           | 2,576,551                  |                             |          |   | 2,576,551                  |
|                          | 2,576,551                  | -                           | -        | -   | 2,576,551                  |

# APPENDIX C - ANALYSIS OF FIXED ASSETS

| Expenditure<br>2,005<br>R | Service                           | Budget<br>2,007<br>R | Balance at<br>1 July 2006<br>R | Expenditure<br>during year<br>R | Redeemed,<br>transferred or<br>written off<br>R | Balance at<br>30 June 2007<br>R |
|---------------------------|-----------------------------------|----------------------|--------------------------------|---------------------------------|---|---------------------------------|
| <b>23,215,452</b>         | <b>Rates and General Services</b> | -                    | <b>23,215,452</b>              | <b>628,614</b>                  | <b>12,062,586</b>                               | <b>35,906,652</b>               |
| <b>6,191,651</b>          | <b>Community services</b>         | -                    | <b>6,191,651</b>               | <b>574,614</b>                  | <b>13,866,429</b>                               | <b>20,632,694</b>               |
| 474,350                   | Council's general expenditure     | -                    | 474,350                        | -                               | (455,489)                                       | 18,861                          |
|                           | Land & Buildings                  | -                    | -                              | -                               | 14,392,445                                      | 14,392,445                      |
|                           | Commonage                         | -                    | -                              | -                               | 2,906,567                                       | 2,906,567                       |
|                           | Plant and Equipment               | -                    | -                              | -                               | 262,659   | 262,659                         |
| 33,079                    | Disaster Management               | -                    | 33,079                         | -                               | (33,078)  | 1                               |
| 825,281                   | Health Services                   | -                    | 825,281                        | -                               | (389,594)                                       | 435,687                         |
| 1,969                     | Stores                            | -                    | 1,969                          | -                               | (1,969)   | -                               |
| 26,100                    | Nature Reserve                    | -                    | 26,100                         | -                               | (26,100)  | -                               |
| 3,642,702                 | Public Works                      | -                    | 3,642,702                      | 493,506                         | (3,321,460)                                     | 814,748                         |
| 65,687                    | Streetlighting                    | -                    | 65,687                         | -                               | (65,687)  | -                               |
| 591,182                   | Municipal Manager                 | -                    | 591,182                        | 13,050                          | (382,266)                                       | 221,966                         |
| 291,756                   | Finance                           | -                    | 291,756                        | 46,113                          | (40,630)  | 297,239                         |
| 202,110                   | Traffic Services                  | -                    | 202,110                        | -                               | 292,820   | 494,930                         |
|                           | Office equipment                  | -                    | -                              | -                               | 559,210   | 559,210                         |
| 37,435                    | Workshop                          | -                    | 37,435                         | -                               | (37,435)  | -                               |
|                           | Community Services                | -                    | -                              | 21,945                          | 17,129  | 39,074                          |
|                           | Technical Services                | -                    | -                              | -                               | 187,852   | 187,852                         |
|                           | Technical Services                | -                    | -                              | -                               | 1,455   | 1,455                           |
|                           | Streets & Stormwater              | -                    | -                              | -                               | -   | -                               |
|                           | Plant and Equipment               | -                    | -                              | -                               | -   | -                               |
|                           | Town Planning                     | -                    | -                              | -                               | -   | -                               |

|                   |   |                   |                   |                  |                    |                   |
|-------------------|---|-------------------|-------------------|------------------|--------------------|-------------------|
| <b>8,911,490</b>  | <b>Subsidised services</b>                              | <b>-</b>          | <b>8,911,490</b>  | <b>54,000</b>    | <b>(8,421,791)</b> | <b>543,699</b>    |
| 146,706           | Cemeteries  | -                 | 146,706           | -                | (146,706)          | -                 |
| 713,546           | Libraries   | -                 | 713,546           | 54,000           | (548,921)          | 218,625           |
| 6,457,355         | Municipal Properties                                    | -                 | 6,457,355         | -                | (6,457,355)        | -                 |
| 1,593,883         | Parks & Recreation                                      | -                 | 1,593,883         | -                | (1,268,809)        | 325,074           |
| <b>8,112,311</b>  | <b>Economic services</b>                                | <b>-</b>          | <b>8,112,311</b>  | <b>-</b>         | <b>6,617,949</b>   | <b>14,730,260</b> |
| 682,778           | Cleansing   | -                 | 682,778           | -                | (258,873)          | 423,905           |
| 7,429,533         | Sewerage & Sanitation                                   | -                 | 7,429,533         | -                | 6,876,822          | 14,306,355        |
| <b>3,405,571</b>  | <b>Housing</b>  | <b>-</b>          | <b>3,405,571</b>  | <b>-</b>         | <b>(3,391,370)</b> | <b>14,201</b>     |
| 3,405,571         | Housing services  | -                 | 3,405,571         | -                | (3,391,370)        | 14,201            |
| <b>22,201,772</b> | <b>Trade services</b>                                   | <b>-</b>          | <b>22,201,772</b> | <b>-</b>         | <b>(18,346)</b>    | <b>22,183,426</b> |
| 4,882,186         | Electricity   | -                 | 4,882,186         | -                | 1,135,642          | 6,017,828         |
| 17,319,586        | Water   | -                 | 17,319,586        | -                | (1,153,988)        | 16,165,598        |
| -                 | Abattoir  | -                 | -                 | -                | -                  | -                 |
| <b>48,822,795</b> | <b>TOTAL FIXED ASSETS</b>                               | <b>-</b>          | <b>48,822,795</b> | <b>628,614</b>   | <b>8,652,870</b>   | <b>58,104,279</b> |
| <b>45,840,679</b> | <b>LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b> | <b>45,974,991</b> | <b>175,781</b>    | <b>-</b>         | <b>46,150,772</b>  |                   |
| 6,731,066         | Loans redeemed and advances repaid                      | 6,865,378         | 175,781           | -                | 7,041,159          |                   |
| 6,431,036         | Contributions from operating income                     | 6,431,036         | -                 | -                | 6,431,036          |                   |
| 32,678,577        | Grants and subsidies                                    | 32,678,577        | -                 | -                | 32,678,577         |                   |
| <b>2,982,116</b>  | <b>NET FIXED ASSETS</b>                                 | <b>2,847,804</b>  | <b>452,833</b>    | <b>8,652,870</b> | <b>11,953,507</b>  |                   |

## APPENDIX D - ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR

| <b>INCOME</b>                                     |  | Actual<br>2007<br>R | Budget<br>2007<br>R |
|---|--|---------------------|---------------------|
| <b>Grants and subsidies:</b>                      |  | 10,285,982          | 10,988,344          |
| - Central government                              |  | 7,921,950           | 4,889,356           |
| - Provisional government                          |  | 2,364,032           | 6,098,988           |
| <b>Income from tariffs, service charges, etc.</b> |  | 34,140,015          | 24,036,503          |
| <b>TOTAL INCOME</b>                               |  | 44,425,997          | 35,024,847          |
| <b>EXPENDITURE</b>                                |  |                     |                     |
|   |  | Actual<br>2007<br>R | Budget<br>2007<br>R |
| Salaries, wages and allowances                    |  | 20,005,799          | 14,434,206          |
| General expenses                                  |  | 19,612,176          | 12,966,772          |
| Repairs and maintenance                           |  | 1,908,935           | 2,568,000           |
| Vehicles and implements                           |  | -                   | 549,158             |
| Capital charges                                   |  | -                   | 453,902             |
| Contributions to Capital Outlay                   |  | 1,061,521           | 265,590             |
| Contributions to Funds and Reserves               |  | 953,165             | 889,555             |
| Grants  |  | 305,601             | 2,784,356           |
| <b>GROSS EXPENDITURE</b>                          |  | 43,847,196          | 34,911,539          |
| Less : amounts charged out                        |  | -                   | -                   |
| <b>NET EXPENDITURE</b>                            |  | 43,847,196          | 34,911,539          |
| <b>NET PROFIT</b>                                 |  | 578,801             | 113,308             |

# APPENDIX E - DETAILED INCOME STATEMENT FOR THE YEAR

| 2,006<br>Actual<br>income<br>R             | 2,006<br>Actual<br>expenditure<br>R | 2,006<br>Surplus/<br>(deficit)<br>R | 2007<br>Actual<br>income<br>R | 2007<br>Actual<br>expenditure<br>R | 2007<br>Surplus/<br>(deficit)<br>R | 2007<br>Budget surplus<br>/(deficit)<br>R |
|--|-------------------------------------|-------------------------------------|-------------------------------|------------------------------------|------------------------------------|---|
| <b><u>RATES &amp; GENERAL SERVICES</u></b> |                                     |                                     |                               |                                    |                                    |   |
| 21,594,595                                 | 20,524,343                          | 1,070,252                           | 29,746,947                    | 29,382,751                         | 364,196                            | (3,832,923)                               |
| 13,767,253                                 | 15,706,181                          | (1,938,928)                         | 16,940,150                    | 18,589,856                         | (1,649,706)                        | (3,670,020)                               |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| 3,296,932                                  | 2,528,978                           | 767,954                             | 3,881,688                     | 3,186,209                          | 695,479                            | (718,853)                                 |
| 4,040,444                                  | 9                                   | 4,040,435                           | 4,436,386                     | -                                  | 4,436,386                          | 4,654,427                                 |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| 683,462                                    | 918,196                             | (234,734)                           | 823,325                       | 1,125,134                          | (301,809)                          | (64,155)                                  |
| 176,876                                    | 76,792                              | 100,084                             | 282,027                       | 68,959                             | 213,068                            | 135,674                                   |
| 1,098,400                                  | 2,542,126                           | (1,443,726)                         | 3,685,000                     | 3,290,171                          | 394,829                            | 365,635                                   |
| 200  | 2,480,240                           | (2,480,040)                         | 970                           | 2,603,551                          | (2,602,581)                        | (3,150,328)                               |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| 893,926                                    | 1,233,390                           | (339,464)                           | 882,760                       | 1,549,678                          | (666,918)                          | (1,518,908)                               |
| 286,798                                    | 810,727                             | (523,929)                           | 165,669                       | 1,059,356                          | (893,687)                          | (981,212)                                 |
| 236,019                                    | 2,013,218                           | (1,777,199)                         | 97,006                        | 2,316,573                          | (2,219,567)                        | (2,247,279)                               |
| 3,054,196                                  | 3,100,999                           | (46,803)                            | 2,368,077                     | 2,368,077                          | -                                  | 426,244                                   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | -                                   | -                                   | -                             | -                                  | -                                  | -   |
| -  | 1,506                               | (1,506)                             | 317,242                       | 1,022,148                          | (704,906)                          | (571,265)                                 |
| Administration                             |                                     |                                     |                               |                                    |                                    |   |
| General expenditure                        |                                     |                                     |                               |                                    |                                    |   |
| Assesment rates                            |                                     |                                     |                               |                                    |                                    |   |
| Financial Services                         |                                     |                                     |                               |                                    |                                    |   |
| Property Tax                               |                                     |                                     |                               |                                    |                                    |   |
| Civil defence                              |                                     |                                     |                               |                                    |                                    |   |
| Stores                                     |                                     |                                     |                               |                                    |                                    |   |
| Nature Reserve                             |                                     |                                     |                               |                                    |                                    |   |
| Licences                                   |                                     |                                     |                               |                                    |                                    |   |
| Pound                                      |                                     |                                     |                               |                                    |                                    |   |
| Swimming Bath                              |                                     |                                     |                               |                                    |                                    |   |
| Traffic                                    |                                     |                                     |                               |                                    |                                    |   |
| Commonage                                  |                                     |                                     |                               |                                    |                                    |   |
| Council                                    |                                     |                                     |                               |                                    |                                    |   |
| Public works                               |                                     |                                     |                               |                                    |                                    |   |
| Streetlighting                             |                                     |                                     |                               |                                    |                                    |   |
| Municipal Manager                          |                                     |                                     |                               |                                    |                                    |   |
| Technical Services                         |                                     |                                     |                               |                                    |                                    |   |
| Corporate Services                         |                                     |                                     |                               |                                    |                                    |   |
| Health                                     |                                     |                                     |                               |                                    |                                    |   |
| Museum                                     |                                     |                                     |                               |                                    |                                    |   |
| Aerodrome                                  |                                     |                                     |                               |                                    |                                    |   |
| Community Services                         |                                     |                                     |                               |                                    |                                    |   |

| 255,913           | 2,761,961         | (2,506,048)      | Subsidised services      | 215,917           | 2,840,972         | (2,625,055)      | (2,665,866)      |
|-------------------|-------------------|------------------|--------------------------|-------------------|-------------------|------------------|------------------|
| 50,975            | 35,745            | 15,230           | Cemetery                 | 51,155            | 61,464            | (10,309)         | (22,650)         |
| -                 | -                 | -                | Ambulance                | -                 | -                 | -                | -                |
| -                 | (75)              | 75               | Fire Brigade             | -                 | -                 | -                | -                |
| 6,133             | 675,154           | (669,021)        | Library                  | 11,773            | 768,906           | (757,133)        | (617,579)        |
| 137,325           | 811,898           | (674,573)        | Municipal buildings      | 109,479           | 800,099           | (690,620)        | (682,465)        |
| 61,480            | 1,239,239         | (1,177,759)      | Parks and recreation     | 43,510            | 1,210,503         | (1,166,993)      | (1,343,172)      |
| -                 | -                 | -                | Estates                  | -                 | -                 | -                | -                |
| <b>7,571,429</b>  | <b>2,056,201</b>  | <b>5,515,228</b> | <b>Economic services</b> | <b>12,590,880</b> | <b>7,951,923</b>  | <b>4,638,957</b> | <b>2,502,963</b> |
| 7,571,429         | 2,056,201         | 5,515,228        | Refuse Removal           | 7,859,382         | 1,951,644         | 5,907,738        | 2,521,321        |
|                   |                   | -                | Sewerage                 | 4,731,498         | 6,000,279         | (1,268,781)      | (18,358)         |
| -                 | <b>920,593</b>    | <b>(920,593)</b> | <b>Housing services</b>  | <b>36</b>         | <b>633,815</b>    | <b>(633,779)</b> | <b>(383,753)</b> |
|                   | 920,593           | (920,593)        | Economic housing         | 36                | 633,815           | (633,779)        | (383,753)        |
| <b>6,873,189</b>  | <b>6,832,496</b>  | <b>40,693</b>    | <b>TRADING SERVICES</b>  | <b>14,601,074</b> | <b>13,523,971</b> | <b>1,077,103</b> | <b>1,304,103</b> |
| 6,873,189         | 6,832,496         | 40,693           | Electricity              | 7,954,973         | 6,298,433         | 1,656,540        | 1,112,531        |
| -                 | -                 | -                | Water                    | 6,646,101         | 7,225,538         | (579,437)        | 191,572          |
|                   |                   |                  | Abattoire                |                   |                   |                  |                  |
| 212,582           | 313,726           | (101,144)        | <b>Grants</b>            | <b>77,940</b>     | <b>305,601</b>    | <b>(227,661)</b> | <b>3,580,000</b> |
| <b>28,680,366</b> | <b>28,591,158</b> | <b>89,208</b>    | <b>TOTAL</b>             | <b>44,425,997</b> | <b>43,846,138</b> | <b>579,859</b>   | <b>667,427</b>   |

Appropriations for the year  
(refer to note 17)

(262,295)

Net surplus/(deficit) for the year

317,564

2,752,493 Accumulated surplus/(deficit) at the beginning  
of the year

2,878,446

**ACCUMULATED SURPLUS/(DEFICIT) AT  
THE END OF THE YEAR**

**3,196,010**





The Accounting Officer  
Gariep Municipality  
PO Box 13  
BURGERSDORP  
9744

30 November 2007

Reference: 21294REG06/07

Dear Mr Mawonga

**Report of the Auditor-General on the financial statements and performance information of Gariep Municipality for the year ended 30 June 2007.**

The above-mentioned report of the Auditor-General are submitted herewith in terms of section 21(1) of the Public Audit Act, 2004 (Act No. 25 of 2004 read in conjunction with section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 121(3) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA)

In terms of section 121(3) and 127(2) of the MFMA municipalities have to include the audit report in the municipality's annual report for tabling within seven months after the end of the financial year.

Until tabled as required by section 127(2) the report is **not a public document** and should therefore be treated as **confidential**.

As your municipality will be responsible for publishing the attached audit report as part of the annual report, you are required to do the following:

- Submit the final printer's proof of the annual report (which includes the audit report) to the relevant audit manager of the Auditor-General for verification of the audit-related references before it is printed or copied. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
- The signature at the end of the hard copy of the audit report should be scanned in when preparing to print the report. The signature Auditor-General in the handwriting of the auditor authorised to sign the audit report, as well as the place and date of signing and the logo should also appear at the end of the report, as in the hard copy that is provided to you. The official logo and the authorised signature will be made available to you in electronic format.

Please notify the Provincial Auditor-General (Business Executive) well in advance of the date on which the audit report, or the annual report containing this audit report, will be tabled at the municipality.

Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



.....  
Senior Manager: EL01

Enquiries: Caryn Boettger  
Telephone: (043) 726 8033  
Fax: (043) 7268261  
Email: [carynb@agsa.co.za](mailto:carynb@agsa.co.za)

# REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE GARIEP MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Gariep Municipality which comprise the balance sheet as at 30 June 2007, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages .... to .....

### Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with an entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.

### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis of accounting**

8. The municipality's policy is to prepare financial statements on an entity-specific basis of accounting as set out in accounting policy note 1.

#### **Basis for adverse opinion**

##### **Debtors**

9. A detailed age analysis in support of consumer debtors could not be provided for audit purposes. Consequently, the accuracy, validity or completeness of consumer receivables of R40.7 million disclosed in the balance sheet at 30 June 2007 could not be verified. No provision for bad debts was raised to cover the possible level of irrecoverable debt. Alternate procedures to determine the value of the provision could not be performed due to the lack of adequate supporting documentation. Moreover, the municipality did not have a bad debt write-off policy.
10. Furthermore, a personnel loan amounting to R38 439 was incorrectly disclosed under debtors in the balance sheet at 30 June 2007 instead of long-term debtors. However, as the amount is fully redeemable in the 2007-08 financial year, the amount should have been disclosed as a short-term portion of long-term debtors under current assets. This resulted in the overstatement of debtors and a corresponding understatement of the short-term portion of long-term debtors by the said amount.

##### **Creditors**

11. A review of expenditure, performed after the financial year-end, revealed payments totalling R799 171 in respect of commitments relating to the financial year under review, which had not been accrued, resulting in the understatement of creditors and a corresponding overstatement of retained surplus as disclosed in the balance sheet at 30 June 2007.
12. Expenditure totalling R359 736 was allocated as expenses for the financial year under review, however, the cheques and electronic fund transfers (EFTs) issued were incorrectly allocated against the bank overdraft and not accrued as creditors. The above-mentioned cheques and EFTs were not mailed to the relevant creditors and the EFTs were not effected. This resulted in the understatement of creditors and a corresponding overstatement of the bank overdraft by the said amount.
13. Included in creditors were amounts, totalling R3.2 million, which showed no movement during the financial year under review. In the absence of supporting documentation for the amounts owing, it was not possible to verify the validity and accuracy thereof or whether the municipality had an obligation to pay these amounts.
14. The 1% skills development levy, as determined by section 3(1)(b) of the Skills Development Levy Act, 1999 (Act No. 9 of 1999) as amended, was not calculated on the total remuneration paid of R20 million during the financial year under review, with the result that the levy amounting to R200 058 was not paid to the Department of Labour. A liability for the amount of R200 058 had not been raised, with the result that the retained income was overstated and creditors understated by the said amount. Furthermore, the possible contingent liability in respect of interest and penalties incurred as a result of the above non-payment was not disclosed by the municipality.

15. Included in creditors was an amount of R554 216 in respect of a municipal support grant which was incorrectly disclosed as a liability instead of a reserve. Consequently the reserves were understated and creditors overstated by the said amount.

**Services rendered on behalf of Ukhahlamba District Municipality (Water Services Authority)**

16. The Gariep Municipality (water service provider) renders water and sewerage services on behalf of Ukhahlamba District Municipality (UDM). An agreement has been drafted between the two parties which stipulates in paragraph 6.3 that the UDM shall allocate from the equitable share to the Gariep Municipality, provided that such equitable share shall not be less than the net difference between actual expenditure and revenue collected to provide water services which the water service provider currently provides to the community. The municipality did not account for the water and sewerage function in accordance with the above-mentioned agreement and due to a lack of supporting documentation, it was not possible to verify the validity, accuracy and completeness of the amounts of R1.1 million and R4.7 million disclosed as a debtor and creditor, respectively, in notes 11 and 14 to the financial statements.
17. In addition, expenditure of R13.2 million and income of R11.3 million in respect of expenses incurred and income accrued on the above-mentioned services were incorrectly included in expenditure of R43.8 million and income of R44.4 million as disclosed in the income statement for the year ended 30 June 2007, resulting in the overstatement of expenditure and income by the said amounts and a corresponding understatement of retained income by an amount of R1.9 million. Furthermore, the expenditure had not been budgeted for and was considered to be unauthorised expenditure as reported in paragraph 25 below and was not disclosed as such in the financial statements.

**Value-added tax (VAT)**

18. No VAT reconciliation was performed between the general ledger accounts and the VAT 201 forms for the financial year under review. The accuracy, validity and completeness of the VAT liability totalling R5.7 million could therefore not be verified.

**Provisions**

19. Included in provisions was a provision for audit fees of R1.5 million. However, this amount should have been disclosed as a creditor at year-end and the omission resulted in the overstatement of provisions and a corresponding understatement of creditors.
20. Reserves totalling R131 779 were incorrectly disclosed as provisions at 30 June 2007, resulting in the overstatement of provisions and a corresponding understatement of reserves.
21. Also included in provisions was an amount of R8.6 million in respect of future depreciation. However, this amount represented fixed assets capitalised in respect of the former Steynsburg and Venterstad Transitional Local Councils, resulting in the overstatement of provisions and a corresponding overstatement of net fixed assets disclosed in the balance sheet at 30 June 2007. (The effect of the above has been reported under fixed assets, paragraph 30 below.)

### Direct deposits

22. Included in creditors was an amount of R2.5 million (R1.9 million: 2006) in respect of unknown direct deposits into the municipality's bank account. Although the amount was disclosed in the financial statements the origin of the deposits could not be established. Consequently, the accuracy, validity and completeness of the amount of R2.5 million could not be verified. Furthermore, debtors and creditors could be overstated by this amount.

### Inventory

23. Inventory as disclosed in the balance sheet at 30 June 2007 did not agree to the inventory listing supplied by the municipality in support thereof by R584 116. A reconciliation in support of this difference was not provided, however, it was ascertained that the municipality did not record inventory issued during the financial year under review in the general ledger. However, the extent of the omission could not be determined. Consequently, the accuracy, validity and completeness of inventory in the amount of R869 317 could not be verified.

### Unauthorised expenditure

24. Expenses totalling R519 757 (included in R13 531 418 under grants and subsidies in paragraph 25 below) were incurred during the financial year under review in respect of a private company, Lake Gariep Resort (Pty) Ltd, with whom the municipality entered into a public-private partnership in 2003. As no amounts were budgeted for the public-private partnership for the 2006-07 financial year, the amount of R519 757 is regarded as unauthorised expenditure. The amount was also not disclosed as unauthorised expenditure as required by section 125(2)(d)(i) of the MFMA.
25. In terms of the definitions in chapter 1 of the MFMA, overspending of the total amount appropriated for a vote in the approved budget constitutes unauthorised expenditure and should be reported as such. The necessary disclosure was not made in the financial statements. The approved budgets for the following individual votes were exceeded for the period under review, for which council approval was not obtained, and no municipal adjustments budget as determined by section 28 of the MFMA was performed for the financial year under review.

| Vote description     | Budget     | Actual      | Variance    |
|----------------------|------------|-------------|-------------|
| Council              | R2 735 365 | R3 290 171  | R554 806    |
| Libraries            | R624 479   | R768 906    | R144 427    |
| Traffic services     | R960 755   | R1 125 134  | R164 379    |
| Housing              | R383 753   | R633 815    | R250 062    |
| Grants and subsidies | R3 090 000 | R13 531 418 | R10 441 418 |
|                      |            |             | R11 555 092 |

### Fruitless and wasteful expenditure

26. An amount of R65 465 was paid as interest to the former municipal manager due to the fact that the severance package was not paid to him as agreed upon, but in monthly instalments. In addition R31 558 was paid by the municipality to various service providers due to late settlement of accounts. These amounts are regarded as fruitless and wasteful expenditure and were not disclosed in the financial statements as required by section 125(2)(d) of the MFMA.



## **Cash and bank**

27. It was noted that the last attempt to perform a bank reconciliation was in January 2007 and that it did not reconcile. No further reconciliations were performed. Consequently, the accuracy, validity or completeness of the bank overdraft of R8 175 661 as disclosed in the balance sheet at 30 June 2007 could not be verified. Due to the absence of bank reconciliations the unexplained difference of R600 718 between the amount disclosed in the balance sheet and the general ledger and the correctness of bank charges and interest on bank overdrafts could not be verified.
28. It was also noted that bank reconciliations performed were reviewed by senior management but this was not done regularly and the responsible officials did not sign the reconciliation as evidence of their review. In the absence of bank reconciliations and regular review thereof, the municipality was vulnerable to possible misappropriation of funds through invalid bank transactions.
29. The favourable cashbook balance of the "waterprojek" (water project) bank account amounting to R351 032 was not disclosed as a current asset, but was set off against the bank overdraft, resulting in the understatement of current assets and current liabilities by the said amount. Furthermore, the cashbook balance showed no movement for the financial year under review.

## **Fixed assets**

30. The municipality recognised assets to the value of R8 654 695 in respect of the former Venterstad and Steynsburg Transitional Local Councils as additions in the current year as per the asset register and general ledger. The funding source was incorrectly recognised as a provision, resulting in the overstatement of provisions and net fixed assets. The assets in question therefore had no carrying value at 30 June 2007. (The effect of the above has been reported under provisions, paragraph 21 above.)
31. In addition it was noted that a physical count and observation of all recorded assets was not performed by the municipality during the financial year under review to confirm the completeness of the asset register, and the existence and operational condition of assets.
32. Net fixed assets amounting to R11 953 507 as disclosed in appendix C to the financial statements at 30 June 2007 did not agree to internal and external advances as disclosed in appendix B by an amount of R8 141 839. A reconciliation in support of the difference could not be provided for audit purposes. Consequently, the accuracy, validity and completeness of net fixed assets could not be verified.

## **Journals**

33. Journals totalling R6.4 million processed during the financial year under review were not supported by appropriate supporting documentation. Furthermore, journal worksheets totalling R18.4 million were not reviewed and signed as evidence thereof by a senior official before the journals were processed. No alternative procedures were possible. Consequently, the effect on the financial statements could not be determined.

## **Finance leases**

34. The municipality directly expensed monthly payments relating to finance leases to the income statement instead of capitalising the underlying asset, recognising the underlying liability and expensing the applicable interest over the lease period. In the absence of a schedule of all leased assets of the municipality and an accounting policy for leased assets, the effect on the financial statements could not be determined.



## **Contingent liabilities**

35. Contingent liabilities were not disclosed in the financial statements as required by section 125(2)(c) of the MFMA in respect of the suspension of the former municipal manager and the chief financial officer. In addition, no contingent liabilities in respect of possible claims against the municipality due to the non-payment of medical aid and pension fund contribution deductions (as reported in paragraph 41 below) were disclosed in the financial statements. Consequently, the effect on the financial statements could not be determined.

## **Restoration of landfill sites**

36. The municipality does not have a restoration plan for its landfill site and as such is in breach of section 28 of the National Environment Management Act, No. 107 of 1998. No liability in respect of the obligation for restoring/rehabilitating these landfill sites has been raised. The understatement of the liability could not be determined in the absence of management's assessment in this regard. Furthermore, no permits existed for the landfill sites situated at Burgersdorp and Venterstad.

## **Going concern**

37. The ability of the municipality to continue to render uninterrupted services to stakeholders in future has been considered and in this regard the following matters identified that have not been disclosed by the municipality in the financial statements suggest that the outlook for future trading activities is not favourable:
- (i) The collection of overdue amounts due to the municipality by customers remains a constant factor facing the municipality. Although management has introduced additional measures during the course of the year under review to facilitate cash collection, the likelihood of significant success in the immediate future is doubtful. As a result, the adverse effect on cash flows is expected to remain in the foreseeable future.
  - (ii) The council made use of overdraft facilities during recent years as a result of inadequate cash flows.
  - (iii) The municipality did not receive any funding from UDM in respect of equitable share for the providing of water and sewerage services as per signed agreement during the financial year under review, which had a negative impact on the cash flows of the Gariep Municipality.

## **Additional disclosure requirements of the MFMA**

38. The additional disclosures as required by sections 123 (disclosures on intergovernmental and other allocations) and 124 (disclosures concerning councillors, directors and officials) of the MFMA were not made in the annual financial statements. Furthermore, the following other compulsory disclosures as required by section 125 were also not made in the annual financial statements:
- (i) The total amount of contributions to organised local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year as required by section 125(1)(b).
  - (ii) The total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions, and whether any amounts were outstanding as at the end of the financial year as required by section 125(1)(c).

- (iii) Information regarding each bank account held by the municipality, the name of the bank where the account is or was held, the type of the accounts and year-opening and year-end balances of these bank accounts as required by section 125(2)(a).
- (iv) A summary of investments as required by section 125(2)(b).
- (v) Fruitless and wasteful, irregular or unauthorised expenditure (section 125(2)(d))  
No disclosure was made of fruitless and wasteful, irregular or unauthorised expenditure. The municipality had no formal policies and procedures in place to identify and record expenditure that would be regarded as fruitless and wasteful, irregular or unauthorised.
- (vi) Particulars of non-compliance with the MFMA (section 125(2)(e)).
- (vii) Any other matters that may be prescribed (section 125(2)(f)).

### **Financial statements**

39. The financial statements did not comply in all respects with the requirements of the standards laid down by the Institute of Municipal Finance Officers (IMFO) in its Code of Accounting Practice (1997) and the Report on Published Annual Financial Statements (January 1996, 2<sup>nd</sup> edition). In addition, there were a number of errors and discrepancies in the compilation of the annual financial statements. This is evidenced by the number of findings in the audit report and that the trail balance did not balanced at year end.

### **Adverse opinion**

40. In my opinion, because of the significance of the matters described in the Basis for adverse opinion paragraphs, the financial statements of the Gariep Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended have not been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA.

### **OTHER MATTERS**

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

#### **Non-compliance with applicable legislation**

- 41. Section 65(f) of the MFMA requires that the accounting officer must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments. However, although the amounts were accrued for as a liability in note 14 of the notes to the financial statements, the municipality was not able to effect obligatory statutory payments totalling R2.61 million to the South African Local Authorities Pension Fund (SALA) (R639 040), various Pension Funds (R121 701), Eastern Cape Department of Transport (R378 962), Auditor-General (R1.01 million), various medical aid funds (R363 450), Department of Labour in respect of workmen's compensation (R135 723) and various medical aid savings plans (R20 347).
- 42. The municipality did not submit an implementation plan, detailing full progress towards full compliance with section 122(3) of the MFMA to the National and Provincial Treasuries before 30 October 2007 as required by *General Notice 552 of 2007*, issued in *Government Gazette No. 30013 of 29 June 2007*.

## Matters of governance

43. Related-party transactions to the value of R519 757 were not disclosed in the financial statements. These transactions related to expenditure incurred by the municipality in respect of a public-private partnership in which a senior municipal official was a director of the company.

## Material corrections made to the financial statements submitted for audit

44. The financial statements, approved by the accounting officer and submitted for audit on 31 August 2007, have been significantly revised because of the following misstatements identified during the audit:
- Long-term liabilities disclosed in the balance sheet was overstated by an amount of R2 576 551, being internal advances incorrectly disclosed as long-term liabilities. The short-term portion of long-term liabilities amounting to R145 232 was disclosed as current assets.
  - Debtors was overstated by an amount of R6 555 641, being internal advances (R1 999 258) and advances to general account (R4 818 043) and "Kontrole: Primêre gesondheid" account (R261 660) incorrectly disclosed as debtors.
  - Bank overdraft was reduced by an amount of R776 698 (balancing figure, as bank reconciliations had not been performed since February 2007).

## Internal control

45. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies existed in more than one internal control component.

| Reporting item  | Control environment | Assessment of risks | Control activities | Information and communication | Monitoring |
|---|---------------------|---------------------|--------------------|-------------------------------|------------|
| <b>Basis for adverse opinion</b>                                |                     |                     |                    |                               |            |
| Debtors   |                     |                     | X                  |                               |            |
| Creditors   |                     |                     | X                  |                               |            |
| Services rendered on behalf of Ukhahlamba District Municipality |                     |                     | X                  |                               |            |
| Value-added tax   |                     |                     | X                  |                               |            |
| Provisions  |                     |                     |                    |                               |            |
| Direct deposits   |                     |                     | X                  |                               | X          |
| Inventory   |                     |                     | X                  |                               | X          |
| Long-term debtors   |                     |                     |                    |                               |            |
| Unauthorised expenditure  |                     |                     | X                  |                               | X          |

| Reporting item                                   | Control environment | Assessment of risks | Control activities | Information and communication | Monitoring |
|--|---------------------|---------------------|--------------------|-------------------------------|------------|
| Fruitless and asteful expenditure                |                     |                     | X                  |                               | X          |
| Cash and bank                                    |                     |                     | X                  |                               |            |
| Fixed assets                                     |                     |                     | X                  |                               |            |
| Journals   |                     |                     | X                  |                               |            |
| Finance leases                                   |                     |                     | X                  |                               |            |
| Long-term liabilities                            |                     |                     | X                  |                               |            |
| Restoration of landfill sites                    |                     |                     | X                  |                               |            |
| Going concern                                    |                     |                     | X                  |                               | X          |
| Additional disclosure requirements of the MFMA   |                     |                     | X                  |                               | X          |
| Financial statements                             |                     |                     | X                  |                               |            |
| <b>Other matters</b>                             |                     |                     |                    |                               |            |
| Non-compliance with applicable legislation       |                     |                     | X                  |                               |            |
| Matters of governance                            |                     | X                   | X                  |                               |            |
| Material corrections to the financial statements |                     |                     | X                  |                               |            |

### Risk assessment

46. It was noted that a risk assessment was not performed and a risk management policy and fraud prevention plan were not in place during the financial year under review.

### Investigation in progress

47. The former municipal manager and the chief financial officer were suspended on 10 July 2006. At the date of finalising this report, the outcome of the cases was still pending further investigation.

### OTHER REPORTING RESPONSIBILITIES

#### Reporting on performance information

I was engaged to audit the performance information.

### **Responsibility of the accounting officer for the performance information**

48. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

### **Responsibility of the Auditor-General**

49. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 646 of 2007*, issued in *Government Gazette No. 646 of 25 May 2007* and section 45 of the MSA.

50. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

51. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### **Audit findings (performance information)**

#### **Non-compliance with regulatory requirements**

52. The following instances of non-compliance with regulatory requirements of the MSA were noted during the course of the audit:

- Section 25 – The municipality did not consult the local community in adopting the process for drafting the integrated development plan (IDP).
- Section 28 – The municipality did not adopt a process in writing to guide the planning, drafting, adoption and review of its IDP and did not consult the local community in the process of adopting the IDP.
- Section 32 – There was no proof that the municipal manager submitted a copy of the IDP to the MEC for local government in the province within 10 days after the adoption of the IDP by the municipal council.
- Section 42 – The community did not participate in the setting of key performance indicators by means of an appropriate municipal-wide structure for community participation or an appropriate forum.

#### **Performance information not received**

53. The municipality did not prepare and present any performance information for audit purposes in terms of section 46 of the MSA and section 121(3)(c) of the MFMA.

## APPRECIATION

54. The assistance rendered by the staff of the Gariep Municipality during the audit is sincerely appreciated.

*Auditor-General*

East London

30 November 2007



AUDITOR - GENERAL

## CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

|              |                           |
|--------------|---------------------------|
| Function:    | Gariep Local Municipality |
| Sub Function | General Information       |

| Reporting Level | Detail  |        |  |
|-----------------|---|--------|--|
| Overview:       | The name Gariep is derived from the San and means Red Waters. Gareip Municipal Area, compressing approximately 8821 km <sup>2</sup> is forming the population of Ukhahlamba District Municipality. Gariep Local municipality consists of three towns, namely Burgersdorp, being the administrative centre, Steynsburg and Venterstad and vast rural area. |        |  |
| Information:    |   |        |  |
| 1               | Geography:<br>Geographical area in square kilometers  | 8 821  |  |
| 2               | Demography:<br>Total Population<br>Source of information: SSA (2001)  | 31 313 |  |
| 3               | Indigent Population   |        |  |
| 4               | Total number of voters  |        |  |
| 5               | Age breakdown:<br>65 years and over<br>between 40 and 64 years<br>between 15 and 39 years<br>14 years and under<br>Source of information: GLM IDP 2006/07   |        |  |
| 6               | Household income:<br>None<br>R1                      R2 400<br>R2 401                R6 000<br>R6 001                R12 000<br>R12 001               R18 000<br>R18 001               R30 000<br>R30 001               R42 000<br>R42 001               more<br>Unspecified<br>Not applicable<br>Source of information                                   |        |  |



|              |                               |
|--------------|-------------------------------|
| Function:    | Council                       |
| Sub Function | Office of the Municipal Mayor |

| Reporting Level         | Detail  |
|-------------------------|---|
| Overview                | <p>The office of the Municipal Manager and management team is responsible to provide strategic leadership and management and to guide and inform the process of restructuring and transformation in its totality. This is done by ensuring proper alignment and integration between key programmes of the municipality and its priorities as outlined in the IDP. The Council on the other hand is responsible to provide overall political leadership and accountability to communities and stakeholders through implementation of sound policies and programmes. This must ensure that the decision making process as well as meaningful participation of citizens and other stakeholders. It must ensure provision of quality service delivery at a reasonable cost while preserving the environment and natural resources.</p>  |
| Description of Activity | <p>The management, through the leadership of the Mayor is responsible for ensuring the compilation and total ownership of the IDP and Budget, including the annual review processes. The Mayor must ensure maximum participation and ownership of the processes by the citizens and other stakeholders and finally to ensure that there is sufficient resource allocation in the budget for all IDP projects.</p> <p>The IDP and Budget and reviewed IDP for 2006/07 financial year was a product of broad citizen and stakeholder involvement based on the ward development priorities as determined in the budget for all IDP processes</p> <p>This was done in line with a detailed programme of public participation which is a guiding document of the Council.</p> <p>The management is also responsible to ensure that the municipality put in place and implement a performance management system in line with the applicable legislation and policy guidelines from the national government. PMS was developed for the entire organization to serve as a tool to introduce and measure the effective performance by the Municipality.</p> <p>The system ensures that there is quarterly an mid- term reporting to council and the community generally.</p> <p>The management has put in place measures and processes to establish and facilitate harmonious intergovernmental relations, including strategic partnerships with other local municipalities, the District Municipality, other spheres of government at provincial and national level as well as other organs and organizations.</p> <p>To this end, the Gariep Local municipality has identified different stakeholders and created a platform to discuss their different roles as identified in the IDP so that the necessary resource mobilization and commitment is agreed upon for their implementation. Different session were held with different stakeholders.</p> <p>Council and administration has embarked on extensive drive to ensure that there is a common vision and shared purpose with regard to development with the broader community. Till this far, the municipality is busy with the establishment of proper system and mechanisms to be implemented so as to promote effective and cost public participation including support to councilors and ward committees. The broader community was constantly engaged on policies.</p> |
|                         |   |



|                             |  |                   |  |
|-----------------------------|--|-------------------|--|
| Analysis of<br>the Function | Council detail<br>Total number of Councilors   | 8                 |  |
| 1                           |  |                   |  |
| 2                           | Ward detail:<br>Total number of Wards<br>Number of Ward Meetings   | 4                 |  |
| 3                           | Number and type of Council and Committee meetings:<br>Ordinary<br>Committee<br>Special   | 12<br>2<br>7<br>3 |  |
| Council                     | 29 June 2006- Ordinary Committee Meeting<br>31 July 2006- Ordinary Committee Meeting<br>29 August 2006- Ordinary Committee<br>31 October 2006- Ordinary Committee Meeting<br>24 November 2006- Special Council Meeting<br>30 January 2007- Ordinary Committee Meeting<br>27 February 2007- Ordinary Committee Meeting<br>27 March 2007- Ordinary Council Meeting<br>02 April 2007- Ordinary Special Council Meeting<br>29 May 2007- Ordinary Committee Meeting<br>26 June 2007- Special Council Meeting<br>31 July 2007- Special Council and Committee Meeting |                   |  |
|                             |  |                   |  |

|              |                            |
|--------------|----------------------------|
| Function:    | Finance and Administration |
| Sub Function | Finance                    |

| Reporting Level           | Detail  |
|---------------------------|---|
| Overview                  | <p>The Chief Financial Officer is responsible for the general financial management of the municipality. The main objective being to ensure that the organizations finances are managed in an economic, efficient and effective manner. These financial practices are aimed at ensuring financial sustainability of the municipality, which will enable the Municipality to meet its developmental and community needs.</p>  |
| Description of Activity:  | <p>The Finance Directorate is divided into three main components, Financial Management, Revenue Management and Financial Support Services</p> <p>Financial Management: The Financial Management component performs a support function to internal and external stakeholders at Gariep Local Municipality, that is, staff members, Mayor, Councilors, Management Team and Suppliers.</p> <p>The following functions are performed by the section:</p> <ul style="list-style-type: none"> <li>- General financial management and advice to directorates;</li> <li>- Budgeting and Financing</li> <li>- Budgetary Control</li> <li>- Administration of Assets and Loans</li> <li>- Banking and Investments</li> <li>- Payroll</li> <li>- Management Accounting</li> <li>- Financial Accounting and Reporting</li> </ul> <p>Revenue Management: The revenue management component is charged with the responsibility of ensuring that citizens are satisfied with the quality of billing services, provision of accessible pay points for payments, consumer accounts enquiries, and enforcing credit control policies of the Municipality. The division is responsible for the following activities:</p> <ul style="list-style-type: none"> <li>- General Revenue Management</li> <li>- Meter Reading</li> <li>- Provision of regular and accurate consumer accounts (billing)</li> <li>- Revenue Collection and Credit controls</li> <li>- General property valuation, which is used as a basis for determination of property rates, taxes and sanity fees</li> <li>- Formulation, review and implementation of financial policies including, credit control, Pro-poor (Indigent) and Tariff policies</li> </ul> <p>Financial Support Services: The component s charged with the responsibility of providing management support and financial information system for the Chief Financial Officer.</p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <li>- Improve the debt collection rates and achieve required target</li> <li>- Get an unqualified audit report from the Auditor- General</li> <li>- Minimization of the incidence theft and fraud;</li> <li>- Ensure adherence to internal control systems and procedures</li> <li>- Successful implementation of the Municipal Finance Management Act (MFMA) and other related legislation</li> </ul> |
| Analysis of the Function: | Debtor billings: value of monthly billings:   |

|                               |  |            |         |          |             |        |
|-------------------------------|--|------------|---------|----------|-------------|--------|
| 1                             | Rates  | Sanitation | Rental  | Water    | Electricity |        |
| Month                         | R '000   | R '000     | R '000  | R '000   | R '000      |        |
| July 2006                     |  |            |         |          |             |        |
| August 2006                   |  |            |         |          |             |        |
| September 2006                | 4600331  |            |         | 491912   |             |        |
| October 2006                  | 39139  | 380437     | 17380   | 450748   | 594647      |        |
| November 2006                 | 54556  | 380479     | 17134   | 423686   | 523223      |        |
| December 2006                 | 81260  | 380564     | 17194   | 526050   | 512740      |        |
| January 2007                  | 92184  | 381286     | 17384   | 509202   | 527923      |        |
| February 2007                 | 99023  | 381413     | 35769   | 551594   | 427199      |        |
| March 2007                    | 56661  | 381626     | 17895   | 570432   | 578697      |        |
| April 2007                    | 107618   | 382092     | 41942   | 1226579  | 469991      |        |
| May 2007                      | 62144  | 353720     | 16584   | 818429   | 1096386     |        |
| June 2007                     | 57013  | 382602     | 16584   | 599668   | 450118      |        |
|                               | 57885  | 382517     | 17255   | 717192   | 423556      |        |
|                               | 59127  | 382941     | 16779   | 550798   | 432046      |        |
|                               |  | 380819     | 16367   |          | 454212      |        |
| Total                         |  |            |         |          |             |        |
|                               |  |            |         |          |             |        |
| 2                             | Debtor collections: value of amount received including interests       |            |         |          |             |        |
|                               | Rates  | Sanitation | Rental  | Water    | Electricity |        |
| Month                         | R '000   | R '000     | R'000   | R '000   | R '000      |        |
| July 2006                     |  |            |         |          |             |        |
| August 2006                   |  |            |         |          |             |        |
| September 2006                |  |            |         |          |             |        |
| October 2006                  | 172423   | 91381      | 15517   | 100556   | 473618      |        |
| November 2006                 | 490625   | 75352      | 13174   | 128559   | 578813      |        |
| December 2006                 | 968662   | 61293      | 5229    | 75888    | 634839      |        |
| January 2007                  | 376338   | 80149      | 35801   | 128332   | 576874      |        |
| February 2007                 | 186647   | 63165      | 9761    | 146086   | 511996      |        |
| March 2007                    | 190692   | 53886      | 7406    | 131115   | 397034      |        |
| April 2007                    | 182540   | 75797      | 19502   | 214431   | 519795      |        |
| May 2007                      | 186200   | 65004      | 2962    | 172956   | 455329      |        |
| June 2007                     | 169487   | 64308      | 6848    | 126451   | 385451      |        |
|                               | 100959   | 56106      | 6566    | 133099   | 395925      |        |
|                               | 170333   | 124594     | 8742    | 195679   | 447631      |        |
|                               | -----  | -----      | -----   | -----    | -----       |        |
| Total                         |  |            |         |          |             |        |
| 3                             | Debtor analysis: amount outstanding over 30, 60, 90, and 120 plus days |            |         |          |             |        |
|                               | 0 – 30   | 30 – 60    | 60 – 90 | 90 – 120 | 120 +       | Total  |
| Days                          | R '000   | R '000     | R '000  | R '000   | R '000      | R '000 |
| By income source              |  |            |         |          |             |        |
| Water tariffs                 |  |            |         |          |             |        |
| Electricity tariffs           |  |            |         |          |             |        |
| Property rates                |  |            |         |          |             |        |
| Sewerage / Sanitation tariffs | 186  |            |         |          |             |        |
|                               | 0  | 302        | 368     | 386      | 14667       | 15909  |
| Housing (rental income)       | 201  | 0          | 184     | 0        | 613         | 797    |
|                               | 67   | 16         | 85      | 64       | 3017        | 3383   |
|                               | -----  | 54         | 81      | 72       | 9686        | 9960   |
| Other                         |  | -----      | -----   | -----    | 1988        | 1988   |
| Total by income source        | 454  | 372        | 718     | 522      | 29971       | 32037  |

|                          |   |  |       |  |          |           |
|--------------------------|---|--|-------|--|----------|-----------|
| By customer group        |   |  |       |  |          |           |
| Government               |   |  |       |  |          |           |
| Business                 |   |  |       |  |          |           |
| Individuals              |   |  |       |  |          |           |
| Other                    |   |  |       |  |          |           |
| Total by customer group  |   |  |       |  |          |           |
|                          | The key issues for 2006/07 were:  |  |       |  |          |           |
|                          | Promote mass involvement in cultural activities via hosting cultural day. Promote mass participation in sport and recreation via hosting sport day. |  |       |  |          |           |
| Analysis of the Function | Nature and extent of facilities   |  | No of |  |          |           |
| 1                        | Stadiums  |  | 7     |  |          |           |
|                          | Swimming Pool   |  | 4     |  |          |           |
|                          | Libraries   |  | 6     |  |          |           |
|                          | Number and cost to employer of all personnel associated with Social Services function   |  |       |  | 1914     | 1379      |
| 2                        | Total Operation cost of social services function  |  |       |  |          |           |
| 3                        |   |  |       |  | 19794    | 19143     |
|                          | Property rates (Residential)  |  |       |  |          |           |
|                          | - Number and value of properties rated  |  |       |  |          |           |
|                          | - Number and value of properties not rated  |  |       |  | 8160     | 159100931 |
|                          | - Number and value of rate exemption  |  |       |  |          | 3179912   |
| 4                        | - Rates collectible for the current year  |  |       |  | 0        |           |
|                          | Property rates (Commercial)   |  |       |  |          |           |
|                          | - Number and value of property rated  |  |       |  | 320      |           |
|                          | - Number and value of property not rated  |  |       |  |          |           |
|                          | - Number and value of rate exemptions   |  |       |  |          |           |
|                          | - Rates collectible fort the current year   |  |       |  |          |           |
|                          | Property evaluation:  |  |       |  |          | 50155700  |
|                          | - Year of last evaluation   |  |       |  |          |           |
| 6                        | - Regularity of evaluation  |  |       |  | 2005     | 1478502   |
|                          | Pro Poor Policy (Indigent):   |  |       |  |          |           |
|                          | - Quantity (number of households affected)  |  |       |  |          |           |
|                          | - Total value across municipality (Water and Electricity- free basics services to all consumers whether they are poor or not)                       |  |       |  |          |           |
|                          | - Credit Payments:  |  |       |  | 5726     |           |
|                          | Five largest creditors individually, with an amount outstanding over 30,60, 90 and 120 plus days as at 30 June 2007                                 |  |       |  | 11655041 |           |
|                          | Eskom   |  |       |  |          |           |
|                          |   |  |       |  |          |           |
|                          |   |  |       |  |          |           |
|                          |   |  |       |  |          |           |
|                          |   |  |       |  |          |           |

|  |   |                      |                      |                 |                 |                |
|--|---|----------------------|----------------------|-----------------|-----------------|----------------|
|  | External Loans:   |                      |                      |                 |                 |                |
| 9  | Interest %  | Repayment Date       | Balance R '000       | Received R '000 | Redeemed R '000 | Balance R '000 |
| Government Loans                         |   |                      |                      |                 |                 |                |
| DBSA                                     | 15,5%   | July 2012            | 1410                 |                 | 175             | 1235           |
| Total                                    |   |                      | 1410                 |                 | 175             | 1235           |
| Key Performance Area                     | Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance |                      |                      |                 | Current         | Target         |
| Financial Ratio                          | Financial indicators achieved for the year under review   |                      |                      |                 |                 |                |
|  | Basis of Calculation  |                      |                      |                 |                 |                |
|  | Debt Management   |                      |                      |                 | Actual 2005/05  | Actual 2006/07 |
| Debt to asset ratio                      | Total Debt/ Total Asset   | 40156661<br>21150942 | 58104279<br>48822795 |                 | .69             | .43            |
| Debt to revenue                          | Total Debt/ Annual Income   | 40156661<br>21150942 | 44425997<br>28680366 |                 | .90             | .73            |
| Capital charges to operating expenditure | Interest to Redemption/ Operating Expenditure   | 175781<br>134311     | 43846138<br>28591158 |                 | 0,004           | 0,005          |
| Liquidity                                |   |                      |                      |                 |                 |                |
| Current ratio                            | Current Assets / Current Liabilities  |                      |                      |                 | 1,08            | 1,57           |
| Liquid ratio                             | Monetary Assets / Current Liabilities   |                      |                      |                 |                 |                |
| Revenue Management                       |   |                      |                      |                 |                 |                |
| Debtors annual collection rate           | Receipts for 12 months / Debtors billing for 12 months  |                      |                      |                 | 77              | 79             |
| Efficiency                               |   |                      |                      |                 |                 |                |
| Personnel cost to expenditure            | Receipts for 12 months / debtors billing for 12 months  |                      |                      |                 |                 |                |

|                              |   |
|------------------------------|---|
| Function:                    | Community and Social Services   |
| Sub Function:                | Social Development  |
| Reporting Level              | Detail  |
| Overview:                    | Rendering of social services to the GLM community   |
| Description of the Activity: | <p>Provision of social services: health management, sport and recreation, community development, education, library, arts &amp; culture</p> <p>GLM is charged with the provision / maintenance of sports and recreation facilities, management of libraries on an agency basis and community development as per the requirements of the constitution and relevant pieces of legislation including the White Paper on Local Government</p> |

|                          |  |                  |
|--------------------------|--|------------------|
|                          | <p>The strategic objectives of this function are to:</p> <p>Facilitate proper management of self -help projects, provide easy access to reading and information, promote development of arts and culture and promote mass participation in sport and recreation.</p> |                  |
| Analysis of the Function | <p>The key issues for 2006/07 were:</p> <p>Promote mass involvement in cultural activities via hosting cultural day. Promote mass participation in sport and recreation via hosting sport day.</p>   |                  |
| 1                        | Nature and extent of facilities  | No of facilities |
|                          | Stadiums   | 7                |
|                          | Swimming Pool  | 4                |
|                          | Libraries  | 6                |
| 2                        | Number and cost to employer of all personnel associated with Social Services function  |                  |
| 3                        | Total Operation cost of social services function   |                  |

| Key Performance area  | Performance During the year, Performance Targets Against Actual Achieved and Plans to improve Performance  |         | Target                   |
|---|--|---------|--------------------------|
| Sport & recreation  | The following sport development programmes were presented: Soccer, Rugby & Netball to promote mass participation in the code. (Mayoral Tournament) | Current | Develop Sport codes      |
| Burgersdorp swimming pool: upgrading ablution block, staff room and change room |  |         |                          |
| Thembisa Stadium: the completion of the stadium in their phases                 |  |         |                          |
| Venterstad town stadium: the completion and handover of the stadium             | Project nearly completed and the target date for proper handover is March 2008   | 95%     | Exposure of Youth talent |
| Steynsburg town stadium   |  |         |                          |
| Irrigation systems for the stadiums in the Gariep Local Area                    |  |         |                          |

|   |  |  |                              |
|---|--|--|------------------------------|
| Libraries and education                       | <p>Every Thursday book are dispersed to all old age homes in the Gariep Local Municipality.</p> <p>The following displays were made at the Libraries: Health Awareness, Breast Cancer, HIV/AIDS Awareness month</p> <p>Schools programmes are linked to the available library within certain town.</p> <p>Challenges still facing our libraries are the state of our libraries, things like air conditioning for Summer and Winter</p> |  | To Display at all libraries. |
| Arts and Culture                              | Gariep Summer Festival is an annual event that always takes place on the 01 October and is also linked to school   |  |                              |
| Arts and Culture                              | Gariep Tunnel festival is a tourism initiative to show-case the area to the visiting tourists  |  |                              |
| Children in conflict with the law (Juveniles) | Site has been identified to built such a site and the suitable place is in Burgersdorp   |  |                              |
| Function:<br>Sub Function                     | <p>Community and Social Services</p> <p>Emergency Services</p>   |  |                              |

## Reporting Level

### Detail

#### Overview:

Rendering Emergency Services to the Community of GLM

#### Description of the Activity:

Delivery of emergency Services (Fire and Rescue, Disaster Management and Emergency Communication)

These services extend to include the entire area of Gariep Local Municipality. The municipality render this function of fire fighting on behalf of the District Municipality within its jurisdiction. Disaster management service is rendered in terms of the provisions of the Disaster Management Act 2002

Three Municipal Officials together with fourteen volunteers were trained in 2006 for Gariep Local Municipality area.

The strategic objectives of this function are to:

Prevent all incidents from escalating into full scale disasters beyond the capacity of the GLM

Render fire and rescue service in accordance with generally acceptable standards

The key issues for 2006/07are:

Ensure Disaster Preparedness and Management for the Municipality

Enhance fire safety by ensuring compliance with fire safety standards and establishment of a volunteer corps

Effective and efficient emergency call for dispatching

Ensure public awareness of Disaster preparedness and fire safety

#### Analysis of the Function:

1

Nature and extent of facilities provided:

Number of facilities:

Small Fire fighting Engine

1

Fire fighting Engine

1

Trailer

1

Tank

1

2

3

Number and cost to employer of all personnel associated with emergency Services function:

Total operating cost of emergency services function

| Key Performance Area | Performance During the Year, Performance Targets Against Actual Achieved and Plans to improve Performance | Current | Target |
|----------------------|---|---------|--------|
|----------------------|---|---------|--------|



|  |  |                 |  |
|--|--|-----------------|--|
| Prevention of full scale disaster by managing incidents  | No incidents escalated into full-scale disasters. Incidents which occurred were managed within the capacity of GLM |                 | No incidents to escalate into full scale disasters |
| Ensuring adherence to fire safety standards by businesses  |  |                 |  |
| Establishing an effective fire and rescue and disaster management volunteer corps                            | 14 volunteers recruited and trained in first Aid, Fire Fighting and / or Emergency Communication                   | 100% compliance | Recruitment of 14 volunteers                       |
| Emergency preparedness and Fire Safety Public Awareness Programmes   | Fire and Emergency preparedness programme was exercised  | 100% compliance | Preparedness programme delivered                   |
| Effective and efficient emergency call taking and dispatching by Control Centre, complying to National norms |  |                 |  |

|                             |  |
|-----------------------------|--|
| Function: Police (Traffic)  |  |
| Sub Function:               |  |
| Reporting Level             | Detail   |
|                             | <p>Includes enforcement and traffic (parking) control</p> <p>The traffic control function of the municipality is administered as follows and include:</p> <p>To deliver a Traffic Law Enforcement</p> <p>These services extend to include the entire area Gariep Local Municipality. The municipality has a mandate to render a Traffic Law and Enforcement within its area of jurisdiction. Traffic Management services is performed in terms of the provision of the National Road Traffic Act and the enforcement of Councils By-Laws.</p> <p>The strategic objectives of this function are to:</p> <p>Better Traffic control to minimize incidents of traffic offences and accidents in the Gariep area. To render a Traffic and Security Service in accordance with generally accepted standards.</p> |
| Overview                    | The keys issues for 2006/07 are:   |
| Description of the Activity | Manage finances in accordance with Legislative provisions and Council policies. Ensure Traffic Safety within the municipal roads.  |

|                           |  |  |  |
|---------------------------|--|--|--|
| Analysis of the Function: |  |  |  |
| 1                         | Number and cost to employer of all personnel associated with policing and traffic control:<br><br>- Senior Management<br>- Administration<br>- Contract<br>- Temporary |  |  |
| 2                         | Total number of targeted violations ie traffic offences  |  |  |

| Function: Community and Social Services  |   |         |        |
|--|---|---------|--------|
| Sub Function: Parks and Cemeteries   |   |         |        |
| Reporting Level  | Detail  | Total   |        |
| Overview   | Includes all activities associated with the provision of community and social services  |         |        |
| Description of the Activity:   | The function of provision of various community and social services within the municipality is administered as follows and includes:<br><br>The Supervisor Parks and Cemeteries objective is to ensure and to provide a clean, green and healthy environment to the residents of Gariep through a process of effective, efficient and sustainable service delivery and are responsible cultivation of gardens (Horticulture) maintenance and development of open space (parks), traffic islands, sport fields, street trees, town gardens. |         |        |
| Key Performance Area   | Performance During the Year, Performance Targets Against Actual and Plans to Improve Performance  | Current | Target |
| Implementation of the Horticulture business plan as part of the Alternative Service Delivery         |   |         |        |
| Open Space Development   |   |         |        |
| Greening of the Gariep Local Municipality  | Towns Entrances, parks and street are to be planted with street trees and home trees to ensure a clean and green environment  |         |        |
| Horticulture maintenance of spaces   | SMME engagement to ensure service delivery  |         |        |
| Ensure safety of all Gariep Local Municipality Cemeteries  | 2 cemeteries were fenced during the financial year ended in June 2007   |         |        |
| Monitoring all our nature reserves effectively so that there are key attractions in our municipality | All Game Farms are under GLM monitoring   |         |        |

|   |   |  |  |
|---|---|--|--|
| Implement key elements of natural resource management, including prevention of soil erosion and improvement of water catchments | JL De Bruin Dam (Improvement of water quality, continuous monitoring) |  |  |
|   |   |  |  |

| Function: Waste Management |   |            |         |
|----------------------------|---|------------|---------|
| Sub Function: Solid Waste  |   |            |         |
| Reporting Level            | Detail  | Total Time | Cost    |
| Overview:                  | <p>Includes refuse removal, storage, transporting, public cleansing and management of land fill sites</p> <p>The refuse collection function of the municipality are administered as follows and include:</p> <p>Domestic waste collection: weekly door-door collection</p> <p>These services extend to include public cleansing, and also take into account street sweeping which resides within the jurisdiction of roads and storm-water.</p> <p>Strategic objectives of this function are:</p> <p>To ensure that citizens are satisfied with the quality of service provision committed to by Gariep Local Municipality</p> <p>The key issues for 2006/07 are:</p> <p>To develop an Integrated Waste Management Plan</p> <p>To do a round balancing exercise</p> <p>Fencing of the landfill within the Gariep jurisdiction</p> <p>Development and Improvement of a storm water system for the whole of Gariep Area</p> |            |         |
| Analysis of the Function   | <p>Number and cost to employer of all personnel associated with refuse removal</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/ Consultants)</li> <li>- Field (Supervisors/ Foremen)</li> <li>- Office (Clerical / Administration)</li> <li>- Non -professional (Labourers)</li> <li>- Temporary</li> <li>- Contract</li> </ul>  | 3          |         |
| 1                          |   | 35         | 1537117 |
| 2                          | <p>Number of households receiving regular refuse removal services, and frequency and cost of service:</p> <ul style="list-style-type: none"> <li>- Remove by the municipality at least once a week (service points)</li> <li>- Identified refuse dump site</li> </ul>   | 8951       |         |
| 3                          | Total and projected tonnage of all refuse disposed  | 38         |         |
| 4                          | Total number, capacity and life expectancy of refuse disposal sites:  | 780        |         |
|                            | Ward based dumping sites for Gariep Area  | 3          | 1951644 |
| Reporting Level            | Detail  | Total (R)  |         |

|   |   |               |
|---|---|---------------|
| 5 | Anticipated expansion of refuse removal service:        | R2,850<br>000 |
| 6 | Total operating cost of solid waste management function | 1951644       |

| Key Performance Area   | Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance |
|--|---|
| Management of Solid Waste  |   |
| Achieve Procurement Targets  | Procurement targets were achieved as per procurement policy.  |
| Ensure Waste Management complies with legislation  |   |
| Ensure outsourcing of service that are most effectively delivered by communities or SMME's | A storm-water management was developed for Mzamomhle in Burgersdorp                                       |

|               |                        |
|---------------|------------------------|
| Function:     | Waste Water Management |
| Sub Function: | Sewerage etc           |

| Reporting Level          | Detail  | Total               | Cost    |
|--------------------------|---|---------------------|---------|
| Overview:                | Includes provision of sewerage services and toilets facilities<br><br>The sewerage of the municipality are administered as follows and include:<br><br>Sewer Maintenance; Sewerage Purification; Engineering Services etc.<br>These services include the full sewerage service.<br>This is delegated mandate to the municipality by the District Municipality; (Ukhahlamba District Municipality) to:<br><br>Act as Water Service Authority<br>The strategic objective of this function are to: |                     |         |
| Description of Activity  | Provide all residents of Gariep on existing formal erven with basic RDP sanitation  |                     |         |
| Analysis of the Function | Number and cost to employer of all personnel associated with sewerage functions<br>- Professional (Engineers / Consultants)<br>- Field (Supervisors/ Foremen)<br>- Office (Clerical / Administration)<br>- Non-professional (Labourers)   | 4<br>28             | 1761208 |
| 1                        | Number of households with sewerage services, and type and cost of service in this financial year ended in June 2007   |                     |         |
| 2                        | - Bucket System<br>- Flush toilets (connected to sewerage system)<br>- Flush toilets (with septic tank)   | 1950<br>6820<br>181 | 6000279 |
| 3                        | Anticipated expansion of sewerage:<br>- Flush toilet  | 1950                |         |

|                      |  |         |        |
|----------------------|--|---------|--------|
| 4                    | Free Basic Services Provision<br>- Quantity (number of households affected)  |         |        |
| Key Performance Area | Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance              | Current | Target |
|                      | Provide all residents of Gariep Local Municipality on existing formal erven with basic RDP standard sanitation by 2007 |         |        |

|               |                    |
|---------------|--------------------|
| Function:     | Water              |
| Sub Function: | Water Distribution |

| Reporting Level              | Detail  | Total  | Cost    |
|------------------------------|---|--------|---------|
| Overview:                    | Includes distribution of water to all residents   |        |         |
| Description of the Activity: | The water distribution to all residents is administered as follows and include:<br>Water Maintenance; Water Purification; Engineering Services<br>These services include the bulk water supply and water distribution.<br>The strategic objectives of this function are<br>To provide all residents on existing formal erven with access to a water connection on their stands by 2007<br>The key issue for 2006/07<br>Provide all residents on existing formal erven with water connection |        |         |
| 1                            | Number and cost to employer of all personnel associated with the water distribution function:<br><br>- Professional (Engineers / Consultants)<br>- Field (Supervisors / Foremen)<br>- Office (Clerical / Administration)<br>- Non -professional (Labourers)   |        |         |
| 2                            | Percentage of water usage every month   | 3      | 1768532 |
|                              | July  | 241677 |         |
|                              | August  | 235051 |         |
|                              | September   | 248335 |         |
|                              | October   | 255131 |         |
|                              | November  | 309513 |         |
|                              | December  | 311153 |         |
|                              | January   | 328513 |         |
|                              | February  | 310875 |         |
|                              | March   | 283155 |         |
|                              | April   | 266841 |         |
|                              | May   | 208577 |         |
|                              | June  | 219319 |         |

|                      |  |         |         |
|----------------------|--|---------|---------|
| 3                    | Total volume and cost of bulk water supply in kilolitres and rand, given to residents by the Gariep Local Municipality   | 3218140 | 7225538 |
| 4                    | Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:  |         |         |
|                      | - Category 1 (total number of households)  |         |         |
|                      | - Category 2 (total number of households)  |         |         |
|                      | - Category 3 (total number of households)  |         |         |
| 5                    | Total year- to- date water losses in kilolitres and rand   | 389530  | 198660  |
|                      | Number of households with water service, and type and cost of service:   |         |         |
| 6                    | - Piped water inside dwelling  | 3839    |         |
|                      | - Piped water inside yard  | 5112    | 0       |
| 7                    | Number and cost of new connections   |         |         |
| 8                    | Piped water inside yard  |         |         |
|                      | Number and cost disconnection and reconnection   | 0       | 0       |
|                      | Restriction and disconnections   |         |         |
| 9                    | Number and total value of water projects planned and current   |         |         |
|                      | - Current (Financial year after year reported on)  |         |         |
|                      | - Planned (Future years)   | 0       | 0       |
|                      | Anticipated expansion of water service:  |         |         |
| 10                   | - Piped water inside dwelling  |         |         |
|                      | - Piped water inside yard  |         |         |
|                      | - Piped water on community stand: distance < 200m from dwelling  |         |         |
|                      | - Borehole   |         |         |
|                      | - Rain -water tank   | 0       |         |
|                      | Estimated backlog in number (and cost to provide) of water connection:   |         |         |
| 11                   | - Piped water inside dwelling  |         |         |
|                      | - Piped water inside yard  |         |         |
|                      | - Piped water on community stand: distance < 200m from dwelling  |         |         |
|                      | - Borehole   |         |         |
|                      | - Rain -water tank   | 0       |         |
| 12                   | Free Basic Service Provision:  |         |         |
|                      | - Quantity (number of households affected)   | 5801    |         |
|                      | - Quantum (value of each household)  | 3132540 |         |
| 13                   | Type and number of grants and subsidies received   |         |         |
|                      | DWAF   | 0       |         |
|                      | Note: total value of specific water grants actually received during year to be recorded over the five year quarters- Apr to Jun last year, Jul to Sept, Oct to Dec, Jan to Mar, Apr to Jun this year |         |         |
|                      | Total operating cost of water distribution function  | 0       | 6646101 |
| Key Performance Area | Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance  | Current | Cost    |
|                      | To provide all residents on existing formal erven with access to water connection on their stands by 2007  | 0       |         |

|               |                 |
|---------------|-----------------|
| Function:     | Roads Transport |
| Sub Function: | Roads           |

| Reporting Level           | Detail   | Total | Cost    |
|---------------------------|--|-------|---------|
| Overview:                 | Construction and maintenance of roads within the municipality's jurisdiction   |       |         |
| Description of Activity:  | <p>The road maintenance and construction responsibilities of the municipality are to administered as follows and include:<br/>           Provide access to all erven by building properly drained streets<br/>           The municipality has a mandate to provide services needed by the community<br/>           The strategic objectives of this function are to:<br/>           Develop, gravel and maintain all streets to provide access to all erven and properties and provide proper storm -water drainage<br/>           Upgrading and gravel of all low traffic local streets</p> <p>The key issues for 2006/07 were:<br/>           To identify IDP projects and appoint consulting engineers in time to be able to spend all the available funds before the end of the financial year</p> |       |         |
| Analysis of the Function: | <p>Number and cost to employer of all personnel associated with road maintenance and construction</p> <ul style="list-style-type: none"> <li>- Professional (Engineers / Consultants)</li> <li>- Field (Supervisors / Foremen)</li> <li>- Office (Clerical / Administration)</li> <li>- Non -professional (Labourers)</li> <li>- Temporary</li> <li>- Contractor</li> </ul> <p>Total number, kilometres and total value of road project planned currently</p>  | 3     |         |
| 1                         |  | 27    | 1814212 |
| 2                         | <ul style="list-style-type: none"> <li>- Paving of Street</li> <li>- New gravel (km)</li> </ul>  | 3km   | R5.2m   |
| 3                         | Total kilometres and maintenance cost associated with existing roads provided  |       | 2603551 |

|   |   |              |                 |
|---|---|--------------|-----------------|
| 4 | - Paving of Street<br>- Gravel  | 8km<br>152km | R9,6m<br>R57,7m |
|   | -----   |              |                 |
|   | Average frequency and cost of re-gravelling the roads   |              |                 |
|   | - Paving of Street<br>- Gravel  |              |                 |
| 6 | The answer should be based on maintenance records<br>Estimated backlog number of roads, showing kilometres and capital cost | 8km<br>152km | R9,6m<br>R57,7m |
|   | - Paving of Street<br>- Gravel  |              |                 |
| 6 | Types and number grants received  |              |                 |
|   | Municipal Infrastructure Grant (MIG)  |              |                 |
| 7 | Total operating of road construction and maintenance function   |              |                 |
|   |   |              |                 |

| Key Performance Area  | Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve   | Current | Target |
|---|---|---------|--------|
| Building new paving streets, gravelling of dust roads, resealing of tar roads, regravelling of streets and installing underground storm water | All the funds provided were spent and the performance targets were met. To improve performance, an attempt will be made to appoint consultants earlier so that the construction of the projects can start earlier to make it easier to spend the funds in time. |         |        |

|               |                                   |
|---------------|-----------------------------------|
| Function:     | Economic Development and Planning |
| Sub Function: | Plan and Land Management          |

| Reporting Level              | Detail  |
|------------------------------|---|
| Overview:                    | Ensure strategic management of resources in line with the Council Policies.<br>Promoting sustainable human settlements and quality environment<br>Ensuring that municipal property is managed in an efficient and effective manner                                      |
| Description of the Activity: | In the financial year ended in June 2007 the Land Management Unit has been with the formalizing, legalizing, renewal and new lease agreements for all properties belonging to Gariep Local Municipality.<br>Substantial amount has been collected from such agreements. |



|                                |  |
|--------------------------------|--|
| Analysis of the Function:<br>1 | <p>Number and cost to employer of all Land Management:</p> <ul style="list-style-type: none"> <li>- Professional (Director / Manager)</li> <li>- Non -professional (Clerical / Administrative)</li> <li>- Temporary</li> <li>- Contract</li> </ul> |
|--------------------------------|--|

|               |                                   |
|---------------|-----------------------------------|
| Function:     | Economic Development and Planning |
| Sub Function: | Local Economic Development        |

| Reporting Level              | Detail   |
|------------------------------|--|
| Overview:                    | <p>The Economic Development under the Directorate of Strategic Support has been facilitating for the Establishment of the Local Economic Development Strategy (LEDS) Multi -stakeholder Departments has been lobbied for financial assistance. They are lobbied for the following main projects.</p> <ul style="list-style-type: none"> <li>Lake Gariep Development</li> <li>Tourism Development</li> <li>Tourism Audit</li> <li>Agriculture Development</li> <li>SMME Development</li> <li>Undertaking Economic Profiling</li> <li>Development of LED Strategy</li> </ul> |
| Description of the Activity: | The function of economic development within the municipality is administered as follows and includes:  |

|  |   |
|--|---|
|  | <p>Lake Gariep Development</p> <p>The potential was identified years back that, that our area of Gariep has a massive potential to be a leading project in as far as tourism development. The project involve three province, Eastern Cape, Free State and Northern Cape thus cascading that to three Local Municipalities, namely, Gariep Local Municipality, Kopanong Local Municipality and Umsobomvu Local Municipality. All tourism related project are supposed to be driven from this initiative for Gariep Jurisdiction.</p> <p>Tourism Development</p> <p>A Tourism development framework has been put together and the team presently is preparing a tourism sector plan. A strategic co-ordinating committee comprising of Ukhahlamba District Municipality, Gariep Local Municipality, ECTB, Department of Tourism, Environment and Economic Affairs (DTEEA), Local Tourism Structures, Tourism Entrepreneurial Programme (TEP) that we engaged two years back.</p> <p>The tourism audit aims to get primary data on all facilities and tourism attractions in the area so that a tourism profile of the area is compiled as prelude to a comprehensive tourism strategy for the GLM thereafter completion of the LED Strategy. The 2004/05 financial year saw the municipality developing a DVD of the Lake Gariep Project and the plans are taken to expand the idea for the whole of Gariep and the plans to approach the private sector are at the advanced stage.</p> <p>SMME Development</p> <p>The Integrated Development Plan identifies the SMME sector as a key driver of the Gariep Local Economy. Other key strategies highlighted in the IDP are that of human resource development and promotion of entrepreneurship. The IDP highlights the need for quality business development support. There are plans to establish a SMME Service Centre that will co-ordinate and ensure quality business development support to SMME's in the area.</p> <p>Agriculture Development</p> <p>A comprehensive agricultural development is yet to be outlined and Commonage development management plan will assist in the realization of the Agricultural Strategy and LED Strategy.</p> <p>In terms the development of agriculture in our area an Agricultural Indaba was hosted by the Gariep Local Municipality for all relevant stakeholders to map the forward development of agriculture in our area.</p> <p>Other agricultural development in our area under way the Fresh Produce Market and the revival of the the Abattoir. On a smaller scale attempts are being made to better manage the commonages in the area. Many of the commonages have now been fenced off and water and tipping tanks have been promised in some instances. Additional commonages are required and suitable land is being sought. The development of commonage management plan will come a long way in addressing additional commonages. Training of emerging farmers on brand marking was highlighted in the agricultural indaba and soon will be conducted. Some of the emerging farmers were assisted with repairs to their windmills when water shortage was a problem. Funding for drought relief assistance was received from the department of agriculture to assist emerging farmers.</p> <p>The Economic Development of agriculture in our area is of paramount important because agriculture contribute about 38% in our total GDP.</p> |
|  |   |

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]